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INTERNATIONAL ECONOMIC RELATIONS

CEMA CONTRACT PRICES FOR BASIC GROUPS OF GOODS

Moscow TSENY V MEKHANIZME EKONOMICHESKOGO SOTRUDNICHESTVA STRAN-CHLENOV SEV in Russian 1978 pp 53-58

/Chapter 2 from the book "Tseny v mekhanizme ekonomicheskogo sotrudnichestva stran-chlenov SEV" (Prices in the Mechanism of Economic Cooperation of the CEMA Member Countries) by M. M. Mitrofanova, Izdatel'stvo "Nauka"/

/Text/ Chapter II. Characteristic Trends of the Movement of Contract Prices for Basic Groups of Goods

If the examination of the economic nature of the prices which operate in the system of foreign economic ties of CEMA countries, as was shown in the preceding chapter, promotes a most thorough understanding of the essence and significance of them as a special value category, the study of the dynamics of contract prices serves primarily the task of identifying the main trends, the stable interrelationships and the fundamental causes of the real movement of prices, which organically links theoretical research with the practice of pricing.

But before proceeding directly to the examination of the dynamics of contract prices, it is necessary to look into a number of questions connected with the methodology of analysis.

First, this pertains to the underlying methodological principle of research. We consider it expedient to use the method of the simultaneous parallel comparison of the dynamics of contract, world and wholesale prices, and not to confine ourselves, as is usually the case, to the study of only one series of contract prices. The use of this methodological procedure has the basic advantage that it makes it possible to avoid the many shortcomings of the discrete analysis of each type of prices separately and, what is the main thing, to increase substantially its effectiveness by means of the comprehensive comparison of three levels of prices, which characterize the main value parameters of the process of pricing in the reciprocal trade of the CEMA countries. By using this method of comparing dynamic series of contract prices, on the one hand, with world prices, which serve for them as the official reference base, and, on the other, with wholesale prices,

which characterize the levels of the domestic production costs of the CEMA countries, a real opportunity is afforded to bring the analysis of contract prices considerably closer directly to the sources of the process of foreign trade pricing.

Second, when analyzing contract prices, especially in the process of comparing them with world prices, the consequences of such a methodological peculiarity of contract prices as the stability of their level appeared very distinctly. In particular, the gradual increase, which is typical of the past period, during the interval between the contract price revisions of very substantial shifts in the structure of their interrelations is connected precisely with the stability. The changeover to a sliding price base is certainly making its own adjustments in the dynamics of the levels and correlations of prices.

Third, the comparative analysis of contract, world and wholesale prices is made on the basis of indices which were calculated on the basis of the absolute levels of these prices with respect to the 1970 level. Preference was given to the method of indices as compared with the method of analysis of the absolute levels of prices first of all for the reason that it makes it possible to trace more clearly, and without complicating the calculations by the involvement of exchange instruments, the main directions in the dynamics of these prices and to describe the fundamental changes in their movement. At the same time it must be stipulated that, from our point of view, such indices are not methodologically an absolutely irreproachable criterion, as a consequence of which some conclusions, which will be made during the analysis on the basis of index estimates, should not always be taken to be completely infallible and final.

Fourth, average statistical prices, which were calculated according to the data of the all-union export-import associations and other economic organizations of the USSR, which carry out foreign trade operations, were used as methodologically quite representative information on contract prices, on the basis of which the indices were calculated. These indices were calculated for individual groups of goods and the most important representative goods. The use for the purposes of this analysis of average statistical prices, which are distinguished by some "deviations" from the point of view of costing purity from the prices of strictly specific goods, in our opinion, is statistically fully justified primarily because they have as compared with unit specific prices the indisputable advantage of generalized value indicators. The point is that the series of prices of individual goods with a sharply defined individual characterization are only examples, special cases in pricing, although they are taken in their dynamic development. They can show (and indeed do show) the most conflicting, at times even the direct opposite trends in the movement of the prices of various specific representatives of a homogeneous group of goods. Therefore, in order to discover in the practically boundless sea of these prices what is natural and typical, it is necessary to bring them together in the unified course of a generalized indicator. Average statistical prices, in our opinion, are precisely such an indicator. Calculated on the basis of the individual prices on the

average during the year for consolidated types of goods or groups of goods, the dynamic series of the average statistical price indices make it possible to obtain a generalized description of the process of pricing, which has been crystallized in specific trends and reveals the most general, fundamental parameters and directions of its development, especially over a long period.

Fifth, on the basis of the fact that the Soviet Union has the greatest proportion in the reciprocal commodity turnover of the CEMA countries and since the indices of its export prices are calculated with respect not to the individual countries, but to all the countries of the community taken as a whole, in our opinion, it is methodologically quite permissible to use as the basic information in the calculations the indices of the most important export goods in USSR trade with the CEMA countries. Incidentally, a routine computation using the example of the prices of some sample goods showed the negligibility of the degree of discrepancy between the contract prices, which formed in USSR trade with the CEMA countries, and the regionwide level of contract prices.[1] On the whole, when characterizing on a sufficiently broad macrolevel the dynamics of contract prices in the trade between the CEMA countries, the indices of the average statistical contract prices of the Soviet Union make it possible to present in relief, close up the main laws of the process of foreign trade pricing, which is very important for the national economic estimates of the development of the economy of the socialist countries.

Sixth, for the periodization of the analytical data, which was used in the process of the study, the changes caused by the movement of the contract prices served as the decisive methodological factor. This primarily explains the selection as the reference points for the analysis the price indices of 1966 and 1971, the levels of which characterize the results of the adjustment immediately during the first year right after the mass revision of the entire system of contract prices. The series of indices from 1970 to 1975 is cited for the purpose of showing a comparative picture of the degree of the annual change in all three types of the prices being studied. One of the methodological peculiarities of this analysis of the dynamics of contract, world and wholesale prices is the use as the basis of the calculation of the indices of the price level of 1970, and not 1960, which is chronologically the starting point of this analytical series. The selection of this base was dictated by the consideration that both in world statistics and in CEMA statistics at present 1970 is the base point of the overwhelming majority of calculations, as well as by the quite justified aspiration to bring the analytical data closer to the current scale of their

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1. For example, for such goods as staple cotton or wheat, which are objects primarily of the exports of the Soviet Union, the deviations, as a rule, do not exceed 1-2 percent; for goods with a broader group of exporters among the CEMA countries (meat, butter, wool), the deviations reach 5-10 percent.

measurement. It should also be noted, apparently, that the 16-year period being analyzed (1960-1975), in our opinion, is statistically sufficiently representative.

And, finally, since the dynamics of the contract, world and wholesale prices of various groups of goods as components of the total structure of the foreign trade turnover of the CEMA countries have their own peculiarities, three main subdivisions of goods were singled out in the process of the study, which made it possible to analyze separately and then to compare the movement of prices for such major groups of goods as fuel and raw material goods, metals, agricultural goods and the products of their processing, machinery and equipment.

The Nature of the Dynamics of the Price Indices for Fuel and Raw Material Goods and Metals. It is best to begin the analysis of the movement of the contract, world and wholesale price indices for fuel and raw material goods and metals, in our opinion, with the examination of the data of Table 1, which characterizes the dynamics of these indicators, which were calculated in conformity with the adopted research methodology.

A survey of the cited data makes it possible to note the great dynamicity of the change of the price indices for this group of goods, which can be traced distinctly above all in the substantial increase of all three series of indices by 1975 as compared with 1960. For example, the world price indices for petroleum increased 6-fold, zinc and cellulose--nearly 4-fold; the contract price indices for zinc--3-fold, coal--2-fold, petroleum--1.6-fold; the wholesale price indices for petroleum, ire and manganese ore--2-fold, pig iron, zinc, cellulose--1.5- to 2-fold. Here the world and contract price indices have been most dynamic in recent years. If we limit more precisely the time framework of the especially intensive movement of the indices of the individual types of prices, the end of 1972 to 1974 should be mentioned for the world price indices, above all 1975 for the contract price indices and 1974 for some goods, as well as the boundaries of the changeover to a new (lower) price level in 1966 and 1971.[2]

The data of Table 1 also show that the movement of the contract, world and wholesale price indices, which was caused by various factors, was manifested specifically not only in the directions of the changes of the indices between the three main types of prices being analyzed, which in principle do not coincide, but also in the quite substantial discrepancies within each of them separately for various goods. For example, for the majority of

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2. When analyzing the noted trends in the movement of the price indices it is necessary to emphasize a very significant, in our opinion, feature of these indicators, which is connected with the uniformity of the qualitative evaluation of the majority of the goods of this group and with the stability of the assortment pattern of the exports, owing to which the dynamics of the cited data characterize quite reliably the real processes of pricing of the goods of the fuel and raw material group.

goods the contract price indices for the period from 1960 to 1970 decreased, while the world and especially the wholesale price indices of many types of fuel and raw materials had during this period the clearly predominant tendency to increase. After 1970 against the background of the rapid increase of the world price indices of the goods of this group--and following them the contract price indices as well--the wholesale prices and their indices maintained almost complete stability.

Table 1

Contract, World and Wholesale Price Indices of the USSR for Some Types of Fuel, Raw Materials and Metals (1970 = 100)

(1) Товар	(2) Индекс цен	1960 г.	1966 г.	1971 г.	1972 г.	1973 г.	1974 г.	1975 г.
(3) Уголь	(4) Контрактные	115	98	101	120	107	108	290
	(5) Мировые	82	83	100	115	120	152	193
	(6) Оптовые	70	65	98	96	95	94	95
(7) Нефть	(4) Контрактные	133	97	101	102	104	117	216
	(5) Мировые	103	100	122	138	182	643	669
	(6) Оптовые	36	42	101	101	101	100	101
(8) Железная руда	(4) Контрактные	121	101	101	102	107	105	138
	(5) Мировые	123	105	112	107	91	118	166
	(6) Оптовые	37	41	99	98	99	99	100
(9) Марганцевая руда	(4) Контрактные	220	97	100	99	99	103	99
	(5) Мировые	152	152	122	117	150	220	204
	(6) Оптовые	30	34	98	95	94	96	97
(10) Чугун	(4) Контрактные	144	102	99	100	100	99	132
	(5) Мировые	101	83	110	112	115	135	184
	(6) Оптовые	56	56	100	100	100	99	101
(11) Цинк	(4) Контрактные	93	98	111	121	132	123	270
	(5) Мировые	72	83	103	123	282	425	272
	(6) Оптовые	61	61	100	100	100	100	100
(12) Свинец	(4) Контрактные	134	104	119	135	141	173	190
	(5) Мировые	58	75	83	97	150	203	149
	(6) Оптовые	111	107	100	100	100	100	100
(13) Алюминий	(4) Контрактные	110	100	102	100	103	110	130
	(5) Мировые	93	88	98	84	84	103	103
	(6) Оптовые	74	74	100	100	101	101	101
(14) Целлюлоза	(4) Контрактные	111	111	107	114	119	123	138
	(5) Мировые	63	65	113	106	113	161	244
	(6) Оптовые	47	69	98	101	97	71	72

/Key on following page/

Key:

1. Good
2. Price index
3. Coal
4. Contract
5. World
6. Wholesale
7. Petroleum
8. Iron ore
9. Manganese ore
10. Pig iron
11. Zinc
12. Lead
13. Aluminum
14. Cellulose

Source: "Vnesnyaya torgovlya SSSR. Statisticheskiy obzor" /USSR Foreign Trade. A Statistical Survey/, Moscow, "Statistika", the corresponding years; "Monthly Bulletin of Statistics," New York, the United Nations, the corresponding years.

As to the indices of the various types of prices, here an even greater inconsistency of the "intratype" movement is observed. As an illustration of this process it is possible to cite instances of the direct opposite movement of the indices of the individual types of prices. For example, during 1960-1970 the world price indices of iron and manganese ore decreased, while those of coal, zinc, lead, aluminum and cellulose increased. The analysis of the movement, although negligible, of the wholesale price indices during 1970-1975 shows that for petroleum, pig iron and aluminum they increased; for coal, manganese ore and cellulose they decreased; for iron ore, zinc and lead they remained unchanged. The degree of change of the indices was also different: the most significant degree was for world prices (for petroleum, zinc and cellulose they increased during 1960-1975 by 181-537 points); it was weaker for contract prices (the increase of the price indices for petroleum, coal and zinc was 83-177 points) and the weakest for wholesale prices, where the increase of the price indices for manganese ore, petroleum and iron ore was on the level of 63-67 points.

However, of fundamentally great importance in this case is the fact that all these changes, which have different directions and a different intensity, of the contract, world and wholesale price indices, which reflect the changes in their absolute levels, had such a contradictory influence on the nature of the correlations forming between them, the study of which is of particular interest for this examination. Therefore, in order to analyze in more detail and specifically, as applied to the individual types of representative goods in question, the dynamics of the contract, world and wholesale price indices and their correlations, it is necessary to make additional supplementary calculations, the results of which are presented in Table 2.

By analyzing on the basis of the data of Table 2 the nature of the interrelations of contract prices with world prices, it is possible to see that the greatest convergence between them was typical of 1966 and 1971-1972, that is, the first years immediately after the changeover to the new base, which is calculated in both instances as the average annual level of world prices for the preceding five-year period. Indeed, the smallest deviations according to the value in the price indices fall to these periods--the average amount of

the deviations is 21, 14 and 17 points,[3] which, for example, is nearly one-sixth to one-ninth as much as in 1974 and one-fourth to one-sixth as much as in 1975. For some goods the closeness of the convergence reaches at times critically negligible limits: in 1966 for petroleum--3 points, iron ore--5 points; in 1971 for aluminum--4 points, cellulose--6 points; in 1972 for zinc--2 points, coal and iron ore--5 points. Incidentally, precisely this factor--the separation of the indices of current world prices from the reference base used in forming contract prices--in our opinion, basically explains the relatively high degree of discrepancy between the contract and world prices in 1960, when the contract price indices, which were calculated on the basis of 1957 world prices, are compared with the 1960 world price indices.

Table 2

Comparison of the Degree of Change of the Contract Price Indices With Respect to the Changes of the World and Wholesale Price Indices During 1960-1975

(1)		1965 г.	1966 г.	1971 г.	1972 г.	1973 г.	1974 г.	1975 г.
(2) Уголь	А	30	9	8	5	13	44	37
	Б	45	33	3	24	12	14	137
(3) Нефть	А	30	3	21	36	78	536	424
	Б	97	55	0	1	3	17	115
(4) Железная руда	А	2	5	11	5	12	13	28
	Б	84	60	2	4	4	6	35
(5) Марганцевая руда	А	65	56	22	27	54	117	103
	Б	190	63	2	5	3	7	2
(6) Чугун	А	43	13	11	12	15	56	34
	Б	88	44	1	0	0	0	51
(7) Цинк	А	21	15	8	2	150	293	2
	Б	32	37	11	21	32	23	170
(8) Свинец	А	76	29	36	38	1	30	41
	Б	23	3	19	35	41	73	90
(9) Алюминий	А	17	12	4	25	25	1	11
	Б	36	26	2	9	8	9	19
(10) Целлюлоза	А	43	49	6	8	6	38	86
	Б	64	54	9	13	22	52	86
(11) В среднем	А	37	21	14	17	38	125	92
	Б	73	42	5	12	14	23	78

/Key on following page/

3. The extent of the difference is calculated as the arithmetic mean difference from the sum of the deviations for all nine goods. For example, for 1966 it would be, according to the data of Table 2: (9 + 3 + 5 + 55 + 13 + 15 + 29 + 12 + 49) : 9 = 14.1

Key:

1. Difference in points between contract and world prices (A), contract and wholesale prices (Б)
2. Coal
3. Petroleum
4. Iron ore
5. Manganese ore
6. Pig iron
7. Zinc
8. Lead
9. Aluminum
10. Cellulose
11. Average

Calculated from the data of Table 1.

A typical trend of the development of the interrelations of the contract and world price indices, which is also distinctly visible from the average levels of the deviations between them, is the gradual increase of the deviations starting in 1972 (1974 was the culmination point). The results of the calculations show that this concerned to the greatest extent such goods as petroleum, zinc and manganese ore and was caused by the fact that while the world prices for these goods, having experienced a number of impulsive jumps, exceeded their own level many times, the contract prices for petroleum and zinc increased by 1974 (1970 = 100) by only 17-29 percent and for manganese ore in general were virtually not adjusted. For other goods the intensity of the increase of contract prices was also comparatively lower than that of world prices.

This nature of the trends of the movement of the contract and world price indices and the interrelations which formed between them was naturally governed by the method previously in effect of the foreign trade pricing of the CEMA countries, when the contract prices of raw materials, fuel and metals were adjusted on the average once every five years regardless of the actual changes which had occurred in the prices of international trade. The recommendation of the CEMA Executive Committee (1975) on the use of a more flexible method of adjustment unquestionably will also promote the more consistent implementation of the principle of forming contract prices on the basis of world prices, one of the results of which should be, in particular, the convergence between their indices. As the first phase of the adjustment of contract prices at the beginning of 1975 showed, the correlation between them has been appreciably balanced, although even now the gap is quite appreciable. Therefore, if we give an assessment for the future, on the basis of the existing situation, it should be noted that, in spite of the steps that have been taken, the problem of the further convergence of the contract and world price indices, the successful solution of which will depend decisively on the extent of the adjustment at subsequent stages and the nature of the current changes in the levels of world prices, as before remains pressing.

A much dissimilar picture, as the data of Table 2 show, is found in the correlations between the contract and wholesale price indices, if we compare it with the nature of the above-examined interrelations of the contract and world price indices. Thus, in 1960 the contract price indices were twice as

close to the world price indices than the wholesale price indices. 1966, on the one hand, can also serve as an example of the establishment of favorable correlations between the contract and world price indices and, on the other hand, on the contrary, is characterized by the continuation of the very significant differences of the contract price indices with the wholesale price indices, while in 1974 as a result of the sharp increase of the world price indices the gap between them and the contract price indices exceeded more than fivefold the degree of differences between the contract and wholesale price indices. At the same time periods of the relative convergence in the degree of the deviations of the contract price indices from both the wholesale and the world price indices were also observed (for example, in 1972 and 1975), which, however, does not attest to such a coincidence between the absolute levels of these prices, but only emphasizes the parallel direction of their movement during these years.

If we analyze the nature of the interrelations between the contract and wholesale price indices for individual types of goods, first of all it is necessary to note that 1970 became a kind of turning point, prior to which (starting in 1960) the wholesale price indices of the overwhelming majority of goods were considerably lower than the contract price indices. After 1970 as a result of the stability of the levels of both types of prices a small difference was maintained between their indices right up to 1975, when the changeover of contract prices to the new base began (for some metals only up to 1974 and even 1973, since a partial adjustment was made for them even earlier). As is shown by the calculation data cited in Tables 1 and 2, the increase of the contract prices in 1975 led to a significant increase in the deviations between the contract and wholesale price indices for all the goods in question, except manganese ore. However, in analyzing this process, it is necessary to direct attention to the inadequacy and inaccuracy of the index evaluation in this case. The point is that at that time there were between the absolute levels of the contract and wholesale prices, which were arbitrarily taken when calculating the indices on the basis of 1970 as 100, substantial differences which were unintentionally "hidden" in the dynamics of the indices after 1970 until both the wholesale and contract prices remained unchanged (in practice until 1975). Therefore, the absolute increase of the contract prices with the stability of the wholesale prices in 1975 externally was manifested very distinctly and unambiguously as the worsening of the proportions between their indices (and, it can be concluded, also between their absolute values), although in reality, on the contrary, precisely a convergence between these prices in absolute terms occurred, that is, we were faced with one of those cases, the likelihood of which was already mentioned in the methodological remarks on the analysis (it is impossible to overestimate the analytical potentials of the index method of evaluation).[4]

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4. However, this statistical "special case," in our opinion, by no means calls the index method into question, but merely emphasizes the need for the strict observance of all the conditions of the analysis.

If we compare now all three lines in the dynamics of the indices of the series of prices being analyzed--contract, world and wholesale prices--in our opinion it is possible to note the following characteristic trends in the development of their interrelations. First, the correlations between the contract and world price indices for petroleum, manganese ore and zinc and between the contract and wholesale prices for coal, zinc, lead and cellulose changed the most dynamically, which attests to the independence of these directions. Second, the data cited in Tables 1 and 2 show that in the dynamics of the contract price indices before 1970 considerably sharper differences are noted with respect to the wholesale price indices than to the world price indices for all the goods, with the exception of lead, while after 1970 the picture changes quite sharply. Now closer proportions between the contract and world price indices are being established for some goods (lead, cellulose, in part coal, which was joined in 1975 by iron ore and pig iron), while for other goods (petroleum and manganese ore) the discrepancies are increasing sharply. Third, the previous uniformity does not exist in the interrelations between the contract and wholesale price indices, which was disrupted first (in 1973-1974) for lead, zinc and cellulose, and then (in 1975) covers eight of the nine goods being analyzed.

As a result of all these contradictory changes, however, the following stages in the movement of the contract, world and wholesale price indices stand out quite clearly: initially (1960-1970) a closer interrelation between the contract and world price indices; then (1970-1974) an appreciable convergence of the contract and wholesale price indices, at the same time as which a decrease, but a weaker one, in their discrepancies with the world price indices occurred (1970-1973); this tranquil stage was replaced by the explosive peak of 1974, which abruptly disrupted the links between the contract and world price indices; and in the last stage (1975) the tendency toward equilibrium (true, with an amplitude of 78-92 points) in the deviations of the prices. Thus, it is possible to note on the whole a very consistent connection of the movement of the contract price indices with the world price indices for the goods of the fuel and raw material group and metals.

Dynamics of the Price Indices for Agricultural Goods and the Products of Their Processing. The problem of supplying the countries of the world socialist community with foodstuffs and other types of agricultural products is one of the basic problems which will be solved in the framework of the long-term goal programs of cooperation on the basis of the pooling and more efficient use of the resources of the countries with the active participation of a wide range of economic instruments which operate in the mechanism of mutual cooperation, including prices. In a special section of the Comprehensive Program, which is devoted to the problems of further improving the cooperation among the CEMA countries in the area of agriculture and the food industry, measures aimed at the fullest possible utilization in this case of the existing system of contract prices are also called for. In particular, it is emphasized that prices can purposefully influence:

first, the process of the international socialist division of labor among the CEMA countries, creating the conditions for the most efficient use by each

country of its natural and economic potentials for the purpose of developing agricultural production and, consequently, expanding the reciprocal exports of the goods of this sector;

second, the formation of a rational structure of the imports by the CEMA countries of agricultural and food goods by the combination of measures which stimulate an interest in the development of intrasystem purchases with the expansion in necessary instances of the imports from third countries.

The close involvement of prices in the solution of these most important problems, in our opinion, makes it especially urgent to study their dynamics in order to examine more thoroughly the role of the price factor in the formation of the export-import flows with a breakdown by specific groups of goods.

It seems to us that it is most expedient to use as the necessary analytical material for this purpose the dynamic series of the contract, world and wholesale price indices, which have been calculated with respect to some basic types of agricultural goods and the products of their processing (Table 3).

As can be seen from the data of Table 3, characteristic trends are inherent in the dynamics of the contract, world and wholesale price indices for this group of goods. First of all, in our opinion, the great dynamicity of the change in the indices of all three series of prices during almost the entire period being analyzed stands out very clearly. And the first place in this respect obviously belongs to the world price indices of individual goods, especially wheat, vegetable oil, cotton and flax. After them come the contract price indices, which changed most sharply for vegetable oil, meat and staple flax. The wholesale price indices underwent a less significant change during this interval of time as a whole, although for some goods, for example, wheat, staple cotton and wool, by 1975 they had increased as compared with 1960 by 39-61 points.

However, when analyzing this period as a whole, it should not be overlooked that it is in fact divided into two independent stages, which are characterized by certain specific peculiarities of the dynamics of the individual types of prices. Thus, in 1960-1970 (the first stage), in contrast to the results during the 16-year period, the wholesale price indices changed most intensively, after them came the world and contract price indices. The prevailing direction of the change in the indices of all three series of prices at this stage was their gradual increase, with the exception: the wholesale prices for tea, vegetable oil and staple flax, the world prices for wool and staple flax, the contract prices for wool, vegetable oil and staple cotton. At the second stage the overall tendency for all the indices to increase, which now is even more intensive for world prices under the influence of the energy crisis which staggered the capitalist world, dominates. The dynamics of the contract price indices are developing considerably more tranquilly, although they are also increasing following their base. The dynamics of the wholesale price indices are declining appreciably, especially in comparison with 1960-1970.

Table 3

Contract, World and Wholesale Price Indices of the USSR for Some Types of Agricultural Goods and the Products of Their Processing (1970 = 100)

(1) Товар	(2) Индекс цен	1970 г.	1966 г.	1971 г.	1972 г.	1973 г.	1974 г.	1975 г.
(3) Пшеница	(4) Контрактные	98	87	99	94	95	108	132
	(5) Мировые	97	110	103	115	232	322	280
	(6) Оптовые	58	67	101	120	121	120	119
(7) Хлопок-волокно	(4) Контрактные	105	105	103	103	101	105	132
	(5) Мировые	78	79	99	104	140	245	209
	(6) Оптовые	67	83	108	109	112	114	116
(8) Лен-волокно	(4) Контрактные	74	95	99	98	100	97	137
	(5) Мировые	118	136	100	128	186	224	190
	(6) Оптовые	105	105	98	99	98	102	104
(9) Шерсть	(4) Контрактные	135	132	102	127	149	154	127
	(5) Мировые	133	154	85	161	290	188	179
	(6) Оптовые	84	88	104	103	117	120	123
(10) Чай	(4) Контрактные	68	78	75	72	62	62	64
	(5) Мировые	74	90	104	94	99	142	169
	(6) Оптовые	117	94	99	99	98	94	102
(11) Масло коровье	(4) Контрактные	94	100	96	125	128	109	120
	(5) Мировые	66	79	111	117	151	157	179
	(6) Оптовые	81	99	119	100	99	100	100
(12) Масло растительное	(4) Контрактные	122	104	100	110	99	119	185
	Мировые (5)	72	79	115	99	146	296	224
	(6) Оптовые	108	98	99	100	100	102	104
(13) Мясо	(4) Контрактные	84	101	96	124	130	134	142
	(5) Мировые	75	85	104	147	164	156	173
	(6) Оптовые	65	111	101	99	101	102	101

Key:

1. Good
2. Price index
3. Wheat
4. Contract
5. World
6. Wholesale
7. Staple cotton
8. Staple flax
9. Wool
10. Tea
11. Butter
12. Vegetable oil
13. Meat

Sources: "Vneshnyaya torgovlya SSSR" /USSR Foreign Trade/ for the corresponding years; "Monthly Bulletin of Statistics," "Monthly Bulletin of Agricultural Economics and Statistics" for the corresponding years.

The data of Table 3 also give a very convincing picture of the fact that the greatest changes in the dynamics of the contract, world and wholesale price

indices occurred in 1975, when along with the continued intensive change in the world price indices substantial shifts were noted in the levels of not only the contract, but even the wholesale price indices, which promoted the establishment of different proportions between them. In this connection in much the same way as the attempt to analyze the dynamics of the contract, world and wholesale price indices (and the interrelations formed between them) for fuel and raw material goods and metals let us examine Table 4, which contains the calculation data of the changes in the price indices for agricultural goods and the products of their processing.

Table 4

Comparison of the Degree of Change in the Contract Price Indices With Respect to the Changes in the World and Wholesale Price Indices for 1960-1975

(1) Разница в пунктах между контрактными и мировыми ценами (А), контрактными и оптовыми ценами (Б)		1960 г.	1966 г.	1971 г.	1972 г.	1973 г.	1974 г.	1975 г.
(2) Пшеница	А	1	23	4	21	137	216	154
	Б	40	30	2	26	26	12	13
(3) Хлопок-волокно	А	27	26	4	1	39	140	77
	Б	38	22	5	6	11	9	16
(4) Лен-волокно	А	44	41	1	30	81	127	53
	Б	31	10	1	1	2	5	33
(5) Шерсть	А	2	22	17	34	141	34	52
	Б	51	44	2	24	32	34	4
(6) Чай	А	6	12	29	22	37	80	105
	Б	40	16	24	27	36	32	38
(7) Масло коровье	А	28	21	15	8	23	48	59
	Б	13	1	23	25	29	9	20
(8) Масло растительное	А	50	25	15	11	47	177	39
	Б	14	6	1	10	1	17	81
(9) Мясо	А	9	16	8	23	34	22	31
	Б	19	10	5	25	29	32	41
(10) Итого	А	167	186	93	150	544	842	570
	Б	255	129	63	144	166	150	246
(11) В среднем	А	21	23	12	19	68	105	71
	Б	32	16	8	18	21	19	31

Key:

1. Difference in points between contract and world prices (A) contract and wholesale prices (Б)
2. Wheat
3. Staple cotton
4. Staple flax
5. Wool
6. Tea
7. Butter
8. Vegetable oil
9. Meat
10. Total
11. Average

Calculated from the data of Table 3.

The analytical data cited in Table 4 help in many ways to refine and extend the conclusions made on the basis of the analysis of Table 3. Thus, Table 4 first of all contains a graphic quantitative description of the degree of the deviations of the contract price indices from the world and wholesale price indices, confirming the already stated general fundamental assessment and thereby increasing considerably the opportunities for a more thorough and detailed analysis of the nature of the interrelations forming between them.

For example, the comparison of the movement of the contract and world price indices very clearly reveals the very irregular nature of their dynamics, when along with periods of relative equilibrium a quite substantial exceeding of the permissible limits of the deviation from the necessary proportionality in the correlations between them is observed at some stages.

In particular, from the average indicators cited in Table 4, which were calculated for all eight of the goods being analyzed, it follows that 1960 is characterized by a comparatively small degree of discrepancy between these indices, one of the main reasons for which, in our opinion, was the insignificance of the differences in the levels of the 1957 world prices, which served as the basis for the contract prices in effect in 1960, and the level of the current world prices of that year. The situation in 1966 is already characterized by an increase of the discrepancy between the contract and world price indices. In our opinion, this was caused by the increased difference between the contract prices which were established on the basis of relatively lower world prices that were calculated for the preceding five-year period than the current world prices of 1966 (the gap reached 10 points), which also affected the indices.

Then, after the next adjustment of contract prices in 1971, an appreciable convergence of the contract and world price indices is again observed, since the average annual level of the world prices during 1965-1969, which differed from the current world prices of 1971 by only 2-3 points, was used in this case as the basis for them. But soon, in practice starting in the second half of 1973, a period of the extremely sharp increase of the discrepancies in the trends of the movement of the contract and world price indices began owing to the unusually accelerated rate, even for the capitalist economy, of the increase in world prices in general. Here it is typical that some goods were affected by this process very unequally. As the calculations show, whereas by 1974 as compared with 1971 the discrepancies between the contract and world price indices had increased for wheat by 210 points, for vegetable oil by 162 points and for staple cotton by 136 points, they reached only 17 points for wool and 14 points for meat. All in all for all eight goods, if we make a comparison with 1971, an almost ninefold increase of the deviations occurred. As is evident from the cited data, the situation improved in part in 1975; however, the necessary proportionality between the world and contract price indices has still not been completely restored.

If we now analyze from the data of Table 4 the nature of the interrelations forming between the movement of the contract price indices for agricultural goods and the changes in the dynamics of their wholesale price indices, it will also be necessary to note many significant discrepancies between them, although on the whole it is necessary to point out the considerably smaller degree of fluctuations than was observed when analyzing the contract and world price indices. Both the less significant differentiation of the total amounts of the deviation by years and the smaller differences between the contract and wholesale price indices for specific goods attest to this. Only 1960 is an exception, when the amount of the deviations of the contract price indices from the wholesale price indices was 1.5-fold greater than the total difference between the contract and world price indices, which confirms the increase of the discrepancies in the movement of the contract and wholesale price indices during this period. During the rest of the time the comparison of the contract and world price indices shows alternately an increasing and declining tendency toward convergence in some years. It is possible to consider 1971 and 1966 as the most favorable years in this respect. In 1971 this was connected in part with the selection of 1970 as the basis for the calculation of the indices, and in 1966 with the movement in the opposite direction of the contract and wholesale price indices (in some cases an increase, in others a decrease), which promoted the intensification of the interrelation between them for some types of goods.

A closer tie for the contract and wholesale price indices is also detected when comparing the proportions between the higher and lower levels of the deviations of the contract price indices from the wholesale price indices, which were 4 : 1, or correspondingly 32 points to 8 points (1960 to 1971), while between the contract and world price indices they were 9 : 1, which is equal to 105 points to 12 points (1974 to 1971). Among the indices for some goods, of course, sharper discrepancies are encountered, such as for wool, tea and wheat (higher than the average level), vegetable oil and butter (lower than the average level), but these are special cases. The appreciable worsening of the proportions between the contract and wholesale prices indices, which is typical of 1975, in principle differs from the 1960 situation, first, for the fact that they nevertheless remained comparatively more favorable than the comparison of the contract price indices with the world price indices, and, second, for the fact that the outwardly worse correlations between the contract and wholesale price indices, as in the analysis of the price indices for fuel and raw material goods, do not mean a real worsening in the correlations between their absolute levels, which, on the contrary, came closer together as a result of the increase of contract prices.

The noted nature of the economic interrelations between the movement of the contract, world and wholesale price indices makes it possible to express a number of views concerning the influence of the price factor on the development of economic cooperation among the CEMA countries.

Thus, since the correlation of the contract prices with the world prices characterizes primarily the foreign economic aspect of the interest of the

CEMA countries in mutual cooperation as compared with worldwide conditions, depending on the main direction of the interrelations forming between the prices the possibility of both a stimulating and an inhibiting influence on their part on the development and consolidation of the integration forms of cooperation of the CEMA countries in the area of agricultural production and exchange constantly exists.

It is symptomatic that this, it would seem, very general view is quite specifically confirmed in the practice of mutual exchange. For example, the tendency during some periods for the contract price indices to converge with the wholesale price indices for vegetable oil, staple flax and staple cotton is usually matched either with an increasing volume of mutual exports or with a stably high proportion of mutual exchange in the trade in these goods. On the other hand, the occasional convergence of the contract and world price indices for some goods, for example, meat and tea, is often accompanied by the pronounced spasmodic dynamics of the chain of indices of mutual exports and imports, which in some years do not show an increase at all. When the change in the contract and world price indices run in different directions, it seems very difficult, of course, to detect the influence of the price factor. Therefore, we will take the liberty to confine ourselves to the conclusions with respect to the role of foreign trade prices primarily in those instances when this influence is quite obvious.

In addition to the foreign economic aspect of the comparison of contract prices with world and wholesale prices the comparison of contract prices with the level of the retail prices at which agricultural goods are sold to the immediate consumers on the domestic market is of unquestionable interest for the purposes of this analysis, since in this case there is an opportunity to compare the levels of sales within the country and on foreign markets and on this basis to analyze the advantages or identify the causes for the lack of material interest in the export and import of some types of agricultural products. However, at this time we do not have this type of data for the individual CEMA countries, with the exception of some statements in the periodic press.[5] Therefore, relying on the data for the Soviet Union, where indeed, as a rule, the retail prices for agricultural goods exceed the contract prices, we can conclude that the sale of produce on the domestic market is stimulated to a greater extent by this correlation. Consequently, with the existence of such a situation in the other CEMA countries up to now the solution of the problem of the self-sufficiency of the countries in agricultural products or the consumption of less expensive imported goods was obviously encouraged to a greater extent by the price factor. However, if we proceed from the fact that during the coming five-year period the level of contract prices, following world prices as its basis, will

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5. See, for example, the article of Yu. Kormnov and B. Frumkin in the journal PLANOVOYE KHOZYAYSTVO (No 1, 1975), in which the authors conclude that the domestic prices for some agricultural goods in the CEMA countries "often are higher than the foreign trade prices" (p 89).

increase much more significantly than retail prices, it is possible to anticipate a corresponding increase of interest also in the expansion of the exports of agricultural products to the international market of the CEMA countries.

Thus, the comparative analysis of the movement of the contract, world and wholesale price indices for agricultural goods and the products of their processing showed that as a result of the exceptionally sharp and profound shifts in the system of world prices, on the one hand, and with the negligibility of the changes in wholesale prices, on the other, even in spite of the adjustment of the contract prices at the beginning of 1975 for the purpose of maintaining their equilibrium with their base, a relatively smaller degree of deviation of the contract price indices from the wholesale price indices constitutes the main distinctive feature of the pricing of recent years for this group of goods. This, however, does not mean the basic loss by world prices of the role of a base criterion for contract prices (especially in light of the further convergence between them as a result of the coming new stages of adjustment).

The Dynamics of the Price Indices for Machinery and Equipment. As in the analysis of the dynamics of the price indices of fuel and raw material goods, metals and agricultural products, first of all let us examine the analytical indicators for individual types of machinery and equipment, which are grouped in Table 5. On the basis of the data of Table 5 it is possible at first to draw the most general conclusions. First, it seems to us that it is necessary to point out the clearly defined unidirectionality of the movement of the indices of all three series of prices upward. This trend, in particular, is clearly seen in the fact that until 1970 the price indices of nearly all the goods, with minor exception, were lower than the 1970 level, while later they began, as a rule, to exceed it.

Second, the movement of the price indices is characterized the irregular intensity of the change first of all in the world prices, especially during the years of the energy crisis which gripped the capitalist economy. As to contract and wholesale prices, the most noticeable differences in the levels of their indices are observed primarily on the boundary of the changeover to the new base at the moment of the mass revision of prices. For example, for contract prices this is clearly visible from the indices of 1966 and 1975.

The irregularity of the dynamics of contract prices is explained in part by some instability of the export assortment, the great dynamicity of the change in quality and the difficulties in ensuring the complete qualitative comparability of goods in some instances, by disruptions in the continuity of the base world prices being use in connection with the lack of sufficiently representative information. The consequences of the more frequent revisions of the contract prices for machinery and equipment (every 2-3 years), which were introduced in the practice of foreign trade pricing of recent years, also have an effect.

Table 5

Changes in the Contract, World and Wholesale Price Indices of the USSR for Some Types of Machinery and Equipment During 1960-1975 (1970 = 100)

(1) Товар	(2) Индекс цен	1960 г.	1965 г.	1971 г.	1972 г.	1973 г.	1974 г.	1975 г.
(3) Станки металлорежущие	(4) Контрактные	95	131	98	109	104	109	117
	Мировые (5)	63	78	100	113	121	135	148
	Оптовые (6)	93	58	101	103	105	101	106
(7) Автомобили грузовые	(4) Контрактные	51	85	101	107	105	103	135
	Мировые (5)	85	92	108	112	116	125	136
	Оптовые (6)	46	77	93	104	105	107	111
(8) Автомобили легковые	(4) Контрактные	110	100	103	105	107	110	115
	Мировые (5)	91	97	106	111	118	125	136
	Оптовые (6)	66	83	114	115	113	103	108
(9) Экскаваторы	(4) Контрактные	96	122	100	117	110	126	120
	Мировые (5)	77	83	106	110	117	126	142
	Оптовые (6)	91	93	97	110	106	113	114
(10) Бульдозеры	(4) Контрактные	72	49	105	100	98	92	108
	Мировые (5)	77	88	106	110	117	126	142
	Оптовые (6)	89	06	09	90	90	90	90
(11) Тракторы	(4) Контрактные	79	81	96	104	112	104	108
	(5) Мировые	78	92	110	110	113	123	135
	(6) Оптовые	51	75	104	109	115	123	127
(12) Комбайны	(4) Контрактные	93	129	102	110	102	165	176
	(5) Мировые	77	90	113	120	122	137	151
	(6) Оптовые	81	77	102	107	100	175	175

Key:

1. Good
2. Price index
3. Machine tools
4. Contract
5. World
6. Wholesale
7. Trucks
8. Passenger cars
9. Excavators
10. Bulldozers
11. Tractors
12. Combines

Sources: "Vneshnyaya torgovlya SSSR" for the corresponding years; "Preise, Lolne und Wirtschaftsrechnungen. Statistisches Bundesamt," Wiesbaden-Stuttgart-Mainz for the corresponding years.

Third, in spite of the coincidence of the general tendency to increase, in the movement of the contract, world and wholesale price indices interrelations of a very different nature have been found, which are caused, in our opinion, mainly by the quite substantial differences in the dynamics of the indices of the specific representative goods being analyzed. For example, whereas the increase of the world price indices during 1970-1975 was distinguished by a great closeness of the deviations over the range of +35 to

+51 points for some goods, during the corresponding period the contract price indices for similar items changed over the range of +8 to +76 points, while the wholesale prices changed over the range even from -10 to +75 points, which predetermined the nature of the interrelations being formed between all three types of prices.

However, in addition to these general conclusions, in order to gain an opportunity to analyze even more clearly and systematically the consequences of all the changes which have occurred, let us compile Table 6 according to the principle of Tables 2 and 4.

Table 6

Comparison of the Change of the Contract Price Indices With Respect to the Changes of the World and Wholesale Price Indices During 1960-1975

(1) Разница в пунктах между контрактными и мировыми ценами (А), контрактными и оптовыми ценами (Б)		1960 г.	1966 г.	1971 г.	1972 г.	1973 г.	1974 г.	1975 г.
(2) Станки металлорежущие	А	32	53	11	4	17	26	31
	Б	2	73	3	0	1	8	11
(3) Автомобили грузовые	А	34	7	7	5	9	22	0
	Б	5	8	8	3	0	3	25
(4) Автомобили легковые	А	19	3	3	6	11	15	21
	Б	44	17	11	10	6	1	7
(5) Экскаваторы	А	19	34	6	7	7	0	16
	Б	5	23	3	7	4	13	12
(6) Бульдозеры	А	5	39	1	10	19	34	34
	Б	17	17	36	10	8	2	18
(7) Тракторы	А	1	11	14	6	1	19	27
	Б	28	6	8	5	3	19	19
(8) Комбайны	А	16	39	11	10	20	28	25
	Б	12	52	0	3	2	10	1

Key:

1. Difference in points between contract and world prices (A), contract and wholesale prices (Б)
2. Machine tools
3. Trucks
4. Passenger cars
5. Excavators
6. Bulldozers
7. Tractors
8. Combines

Calculated from the data of Table 5.

Let us examine first, to what extent the method of indices and the nature of the interrelations which form between contract and world prices allow this.

As the data cited in Table 6 show, the smallest degree of discrepancy between the contract and world price indices falls, as a rule, to 1971-1972, which is first of all the direct result of the mass revision of contract prices, which was carried out directly on the eve (more precisely, at the beginning of 1971) and promotes their convergence with their base, as well as the negligibility of the changes of world prices during the base period under review as compared with the levels of these prices, which actually formed in 1971-1972. Later, however, the gap between the contract and world price indices, which was negligible during the first years, gradually increased, reaching its highest point by 1975, even in spite of the partial adjustment of the contract prices for the purpose of bringing them a little closer to the sharply increased world prices. At the same time as a result of the dissimilar extent of the adjustment and the selective coverage by it of the individual groups of goods and types of products a very variegated picture of the mutual discrepancies between these indices was created, as is evident from Table 6--from 0 points for trucks to 31-34 points for machine tools and bulldozers.

The data contained in the cited analytical table also show that the separation of the dynamics of the contract price indices from those of the world price indices, which in 1966 assumed considerable proportions, is connected, it seems to us, primarily with the use as a basis for them of the average annual levels of prices for 1960-1964, which differed quite significantly from the indices of the world prices in effect in 1966. In principle this explains, in our opinion, the noticeable gap between the contract and world price indices in 1960 as well.

On the basis of the data of Table 6 it is possible to draw several other conclusions: first, the comparatively more consistent coincidence in 1970-1975 of the dynamics of the contract and world price indices for such goods as trucks and excavators; second, the steady increase as compared with 1970 of the discrepancies in the price indices for machine tools, passenger cars, bulldozers and combines; third, the relative equilibrium in the deviations between the contract, world and wholesale price indices for tractors. In analyzing these trends, it is impossible, in our opinion, at the same time not to emphasize once again that the cardinal changes in the process of pricing, which occurred in world trade in 1973-1974 and, unquestionably will still be felt in subsequent years, certainly had a great stimulating influence on them.

Thus, the opinion stated by us when examining Table 5 concerning the effect of the overall upward trend in the dynamics of the contract and world price indices, as is evident, is completely confirmed by the data of Table 6. However, since some types of machinery and equipment were affected by this process to a different degree, which in all probability will also occur later,

a tendency to differentiate the discrepancies between the contract and world price indices for various commodity line items is noted at the same time; this differentiation later might be intensified even more, although it is quite legitimate also to anticipate some equalization of the rates of change of the contract and world price indices.

The interrelations between the contract and wholesale price indices developed, as is evident from Table 6, in a different way than between the contract and world prices. For example, unlike the nearly four-year (from the second half of 1972 through 1975) tense situation, in which the interrelations between the contract and world price indices formed, the interaction of the contract and wholesale price indices up to the end of 1975 developed comparatively smoothly. Only at the start of 1975 were there noticed quite perceptible shifts toward a change of these interrelations primarily in the direction of an increase of the discrepancies, which was caused by the first stage of the increase of contract prices, while the wholesale prices remained virtually unchanged.

In preceding years (19[illegible] 1966) the cases of noncoincidences between the contract and wholesale price indices were, as a rule, of a more pronounced nature, which was caused by the clearly inadequate consideration in the process of forming the contract prices of the factors of domestic production costs, since the procedure then in effect of coordinating the contract prices did not provide for their use as a mandatory economic criterion in pricing. This pertains, in particular, to the prices for passenger cars and tractors (1960), machine tools, combines and excavators (1966).

By 1975, as can be judged from the data of Table 6, along with the examples of the quite significant disparity between the contract and wholesale price indices for trucks, tractors and bulldozers a new tendency, which made itself clearly known, toward the formation of a stable proportionality in the dynamics of the contract and wholesale price indices for combines, machine tools and passenger cars draws attention.

The analysis made of the dynamics of the contract, world and wholesale price indices makes it possible to draw the general conclusion that, in spite of the consistent observance in the pricing process of the principle agreed upon by the CEMA countries of structuring contract prices on the basis of world prices, the nature of the interrelations forming between them is not distinguished by such consistent unambiguity. The contract price indices of some goods during different periods first truly drew closer to the world prices, then, on the contrary, gravitated more distinctly toward the wholesale price indices. Here it is characteristic that the coincidence of the dynamics of the contract and wholesale price indices is observed primarily for products which are produced by way of specialization and cooperation and precisely to which the majority of the prices we are analyzing for specific representative goods pertain. This, in our opinion, is a direct consequence of the progressive consolidation of the far-reaching production ties between the national economic complexes of the CEMA countries and the development of new forms of the economic cooperation among them, which in

practice are gradually transforming the regional value categories into standards, which are equal to world prices, of the socially necessary evaluations of the results of the foreign economic activity of the countries of the socialist community.

The development of this new trend in the foreign trade pricing of the CEMA countries is not, however, an indication of a substantial weakening of the established interrelations between contract and world prices for machinery and equipment or of the lack of the prospect to maintain them in the future. In our opinion, precisely for such a group of goods as machinery and equipment the objective need for the systematic involvement of world prices as a basis for the purpose of taking into account by means of them the latest achievements of world science and technology, the rational value proportions between the basic groups of goods and other progressive trends in international trade remains urgent and important. At the same time, in our opinion, it would be a clear display of scientific nearsightedness to deny the progressiveness of the tendency toward the convergence of the contract and wholesale price indices as applied to products being produced under the conditions of the new, integrational forms of cooperation.

The analysis made with a breakdown by the most important groups of goods now makes it possible, having compared the results of the study, to obtain a general picture of the movement of the contract, world and wholesale price indices at the individual stages, which reveals the characteristic features, basic trends and nature of the interrelations which are formed in the process of foreign trade pricing.

For the purpose of greater clarity of this comparison let us cite a consolidated analytical table (Table 7), which contains the dynamic series of the mean arithmetic indices of the contract, world and wholesale prices for all three groups of goods, which makes it possible to represent the nature of the formation of the interrelations between them graphically.

The first thing which immediately draws attention upon examining the data of Table 7 and the chart is the very significant difference in the nature of the interrelations in the system of the indicators being analyzed both between the two stages (1960-1970 and 1970-1975) and during each of them between the individual groups of goods.

The chart literally "shoots down" the main, fundamental conclusion that at the turn of 1970 a cardinal change occurred in the interrelations between the contract, world and wholesale price indices. Whereas prior to 1970 the world price indices were indeed the indisputable center toward which the contract and wholesale price indices were gravitating, starting in 1971 and up to 1975 inclusively the central position in the structure of the interrelations between the contract, world and wholesale price indices firmly shifts to the contract price indices.

Table 7

Dynamics of the Average Contract, World and Wholesale Price Indices of the USSR During 1960-1975 (1970 = 100)

(1) Индекс цен	1960 г.	1966 г.	1971 г.	1972 г.	1973 г.	1974 г.	1975 г.
(2) Топливо, сырье, металлы							
(3) Контрактные	131	101	105	110	113	119	175
(4) Мировые	94	94	103	111	168	243	247
(5) Оптовые	58	60	99	99	99	96	96
(6) Сельскохозяйственные товары и продукты их переработки							
(3) Контрактные	97	100	96	107	108	111	135
(4) Мировые	80	101	103	121	176	216	201
(5) Оптовые	86	93	103	104	106	107	111
(7) Машины и оборудование							
(3) Контрактные	85	100	101	108	105	116	127
(4) Мировые	78	89	103	112	117	128	141
(5) Оптовые	74	76	97	106	105	117	119

Key:

1. Price index
2. Fuel, raw materials, metals
3. Contract
4. World
5. Wholesale
6. Agricultural goods and the products of their processing
7. Machinery and equipment

Calculated from the data of Tables 1, 3 and 5.

In addition to this fundamental difference, the development of the process of pricing, if we compare the two stages, is also characterized by a different dynamicity of the changes in prices. In our opinion, a smoother change in the indices of the individual types of prices is characteristic of the first stage as compared with the second stage, when in half as long a segment of time very significant shifts occurred in the levels and correlations between the contract, world and wholesale price indices. However, this general and unambiguous assessment, obviously, cannot be precise above all because the degree of change of the price indices in the individual groups was distinguished by great nonuniformity. As the chart shows, during both periods the indices of all the types of prices in the group of fuel, raw materials and metals changed the most intensively. The dynamics of the contract and world price indices of agricultural goods developed much more smoothly at the first stage, then at the second stage, starting in 1971, the rates of change in these indices increase sharply, although they lag behind the rapid jump in the prices of fuel and raw material goods. The price indices for machinery and equipment during the entire period being analyzed

increase uniformly and compactly, with only a gradual acceleration of the rates toward the end of the second stage. Thus, to all appearances, the group of fuel and raw material goods should be regarded as the most dynamic, after it comes the group of agricultural goods and the products of their processing, and machinery and equipment complete the series.

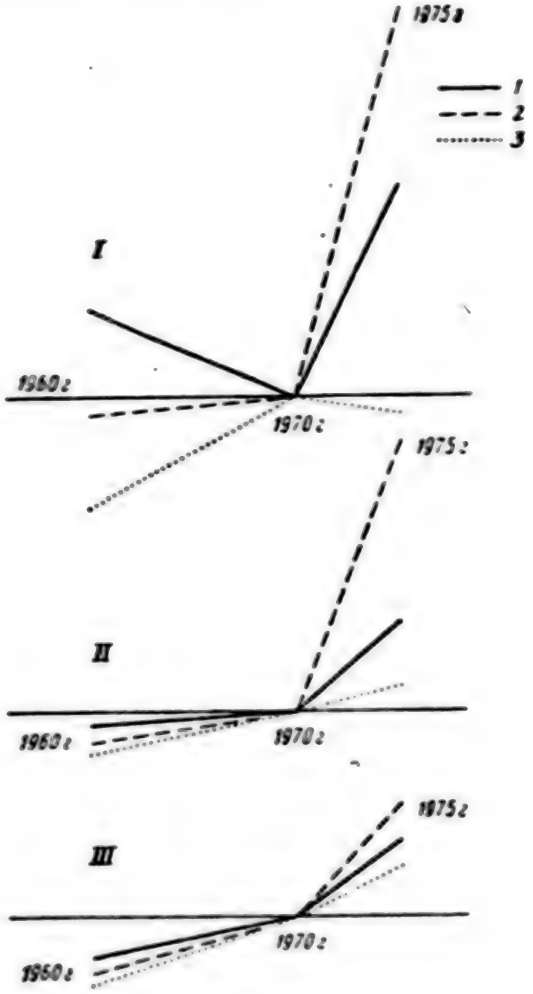

Chart of the Movement of the Contract, World and Wholesale Price Indices During 1960-1975 Using the Example of Various Groups of Goods (1970 = 100)

I--fuel, raw materials, metals;

II--agricultural goods and the products of their processing;

III--machinery and equipment;

1--contract price indices;

2--world price indices;

3--wholesale price indices.

The dynamics of the indices of the different types of prices formed in a different way also in connection with the fact that they displayed their activity differently during different periods. For example, the wholesale price indices were most dynamic from 1960 to 1970, the contract price indices were more active at the second stage and for the group of fuel and raw material goods also during 1960-1970. The world price indices, the most dynamic of the three types, displayed the greatest activity in 1973-1975.

In comparing the two stages substantial shifts also stand out very noticeably in the nature of the interrelations between the contract, world and wholesale

price indices. For example, in the cited chart it can be seen very well that for all three groups at the first stage the contract price indices were invariably higher than the world and wholesale price indices, being, however, at the same time closer with respect to the world price indices. The contract and world price indices for agricultural goods, machinery and equipment drew especially close to each other, while in the group of fuel and raw material goods there is a very significant gap between them. However, since in this group too the contract price indices were nevertheless closer to the world price indices, in our opinion, it is quite legitimate to state the general conclusion that at the first stage a close inclination of the contract price indices precisely to the world price indices, and not the wholesale price indices, existed.

At the second stage, as a result of an unusual "change of the leader," the direct contract price index is shifted to the middle position--lower than the world price indices and higher than the wholesale price indices, which at the same time equalized the interrelations of the contract price indices with respect to both the former and the latter. And the quantitative proportions between the contract and world price indices at first even in general did not change very sharply, having undergone a fundamental deformation later, in connection with the extraordinary events of 1973-1974. But then the interrelations of the contract price indices with the wholesale price indices immediately became closer; the proportions between them worsened slightly only after 1975.

Thus, as a result of the overall structural regrouping of the system of established interrelations between the contract, world and wholesale price indices and especially as a result of the very significant shifts in their dynamics, which is typical of recent years, there emerged a tendency toward a relatively more noticeable deviation of the contract price indices from the world price indices than from the wholesale price indices. However, this situation might not be maintained in the next few years, first, as a result of the further adjustment of contract prices in the direction of bringing them closer to world prices (the first results of the adjustment have already affected the group of fuel, raw materials and metals, in which in 1975 the correlation between the contract and world price indices became more favorable than between the contract and wholesale price indices); second, in connection with the fact that the probability of certain changes in world prices is not at all ruled out.

And, finally, as an overall result it is necessary to emphasize that, since the study of the formed dynamics of the contract, world and wholesale price indices makes it possible to analyze the degree of implementation of the pricing principles adopted by the countries during the past period, to identify the main factors which governed the fundamental nature of their movement and then to take the obtained results into account in the process of the further work on improving the system of foreign trade prices, the constant monitoring of the movement of these indices affords extensive opportunities by means of the practically reasonable regulation of the

interrelations forming between them to achieve the active and selective involvement of the price factor in the improvement of the planning mechanism of the cooperation of the CEMA countries.

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IMPROVING CEMA PLANNING AND ECONOMIC MECHANISMS

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 6, Jun 79 pp 9-18

[Article by N. Baybakov, chairman of USSR Gosplan and chairman of the CEMA Committee for Cooperation in the Field of Planning Activity: "Improving Socialist Planning in the CEMA Member Countries"]

[Text] The historic experience of socioeconomic construction in the Soviet Union and the other countries of the socialist commonwealth is evidence of the tremendous capabilities and advantages of planned economic development. Planning has become the tried and true means by which all the CEMA member countries are developing their productive forces, improving their production relations and effectively performing the tasks of building socialism and communism.

The experience of building socialism and communism in the USSR and the other CEMA member countries has vividly confirmed that the 5-year plan is the basic form of planned state guidance of the economy. The 50th anniversary of the date of adoption of the First Five-Year Plan for Development of the USSR Economy occurred in April 1979. The 50 years since then have been years of unstinting economic growth in the USSR and of its confident forward movement toward an advanced socialist society and toward communism. "The history of the Soviet 5-year plans," A. N. Kosygin said in a meeting with voters of the Moscow City Electoral District, "is a history of building an advanced socialist society, of an authentic flowering of science and the economy, and of performance of socioeconomic tasks on the largest scale in the shortest time."*

The Soviet experience in building the planned foundations of a socialist economy and of economic planning has world-historical significance. It has won world recognition and has become the property of the fraternal socialist countries, which are putting it to creative use. As L. I. Brezhnev put it in figurative terms, "our 5-year plans represent Leninist friendship of nations translated into the language of economics."

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* PRAVDA, 2 March 1979.

The 50th anniversary of the First Five-Year Plan for Development of the USSR Economy coincides with another important date in the life of the fraternal peoples of the countries of the socialist commonwealth--the 30th anniversary of the Council for Mutual Economic Assistance. CEMA is the world's first international organization of socialist countries, and it has been paving the way for the most efficient, equal and mutually beneficial economic and scientific-technical cooperation.

This is a short period in historical terms, but it has embraced an entire era in the genesis and development of a new type of alliance of sovereign states. In those 30 years the countries of the socialist commonwealth have augmented their economic and scientific-technical potential many times over. In the 1949-1978 period their national income has increased tenfold and industrial output 17-fold. At the present time the CEMA member countries, which occupy 19 percent of the area of the globe and have 10 percent of our planet's total population, are producing approximately one-third of world industrial output and are providing more than one-half of the growth of world industrial production.

The fundamental socioeconomic transformations in the countries of the socialist commonwealth which have been carried out under the leadership of the communist and worker parties in the years of socialist construction have promoted the formation of a progressive industrial structure, creation of a highly mechanized agriculture and an advanced social infrastructure. The branches of the industrial sector, above all metallurgy, fuel and power, the chemical industry, machinebuilding, radioelectronics, i.e., those industries which determine a country's industrial form, present-day scientific-technical progress and the rates of economic development, are now the leaders in the economies of all the European CEMA member countries. The relative share of machinebuilding, radioelectronics, electric power and the chemical industry in gross industrial output is now between 36 and 53 percent for the majority of the CEMA countries.

Radical transformations have also taken place in the agriculture of the CEMA member countries. In a majority of the countries of the commonwealth agriculture is being put increasingly on an industrial foundation, and its relative proportion of equipment is rising. In 1977 there were more than 3.5 million tractors and approximately 116,000 grain-harvesting combines operating in the fields of the CEMA member countries. Manufactured fertilizer consumption (in terms of nutrients) increased from 5.2 million tons in 1960 to 28.7 million tons in 1977. The volume of reclamation work has expanded considerably.

Thus the 30-year experience of cooperation of the fraternal countries in the framework of CEMA demonstrates that the commonwealth of socialist countries has been developing rapidly, effectively performing the complicated tasks of economic construction. The profound changes in the political, economic and cultural life of the peoples have no precedents throughout the entire history of the development of human society. The commonwealth has become a

mighty factor in contemporary world development, one that is determining the main directions of sociopolitical progress of humanity and that region of the world economy which is developing most dynamically.

The successes in economic development of the countries of the socialist commonwealth are above all successes of centralized planning, which is based on the fundamental advantages of socialism, social ownership of the means of production, socialist worker cooperation, and socialist principles governing work incentives and distribution of the product. Planned management of the economy is the greatest advantage of socialism and the basis for dynamic and proportional development of social production. Economic planning in the CEMA member countries is based on the knowledge and proper use of the objective economic laws of socialism. The experience of building socialism and communism in the USSR and the other CEMA member countries has shown that the building of the new socialist society is a process that can be managed; only a Marxist-Leninist party, which organically unifies the revolutionary theory of scientific communism with the activity of the working class and all the working masses, is capable of accomplishing that management within a country.

The dialectic interrelationship discovered by V. I. Lenin between economics and politics is altogether typical of all the countries of the socialist commonwealth. Politics is a concentrated expression of economics, a tool for realizing the principal class interests of the victorious proletariat which have unquestioned priority over specific economic tasks. At the same time realization of the principal interests of the working class is creating the conditions most conducive to the construction of socialism and to performing concrete economic tasks.

The process of building socialism, as experience has shown, is reproducible in its basic outlines. This affords the possibility of distinguishing the general patterns inherent in the planning of all countries which undertake to build socialism. The creation, reinforcement and development of social ownership to the means of production are the foundation and determining factor in development of socialist planning in the CEMA member countries. History has confirmed the need in all countries which undertake to build the new social system to accomplish the basic elements of the Leninist plan for construction of socialism in the USSR: socialist industrialization, socialist transformation of agriculture, and socialist reshaping of the consciousness of the working masses. These complex and crucial elements are put into practice under the guidance of the working class, of which the Marxist-Leninist party is the nucleus.

The principles of socialist economic management formulated by V. I. Lenin and verified by the historical experience of the Soviet Union have served as basic methodological principles in arranging the system for planned economic management in the socialist countries. Principles such as democratic socialism, the unity of politics and economics, determination of the plan's central emphasis, the directive authority and continuous nature of planning, and strictness in recording and monitoring progress in fulfillment of the

national economic plan have the greatest importance among them. The CEMA member countries have equipped themselves with a number of methods of drafting national economic plans that have been tested in Soviet practice: the use of the instrumentarium of mathematical economics, the method of balances and the normative method.

One of the central propositions in the theory of socialist national economic planning, one which has international significance and has been successfully applied in Soviet planning practice and the planning practice of the other socialist countries, is the Leninist idea of the unity of planning and economic accountability. It is in the USSR that the forms of planned use of commodity-money relations and of the profit-loss organization of socialist production were first worked out. In this respect it is tremendously important that the fraternal socialist countries mastered the Soviet experience in setting up profit-loss production associations in the system of planned management of the industrial sector.

In the state planning of the CEMA member countries ever broader use is being made of the comprehensive method based on special-purpose programs, which orients the relevant units of the state toward achievement of end results; the system of comprehensive planning of socioeconomic development in associations, enterprises, cities and rayons is gradually being introduced. Also of great importance here is the practice of Soviet planning authorities, specifically in the domain of solving the key and large-scale problems of economic development by means of special-purpose programs.

The basis for this was laid down even in the GOELRO [State Commission for Electrification of Russia] plan, which was compiled with the direct participation of V. I. Lenin and was the "second program of the party" and the first practical experience in the comprehensive planning of socialist production. It was the drafting of the GOELRO plan that served as the indispensable methodological spadework for the kind of economic planning in which the point of departure was not the development of individual sectors and industries, but multisector economic complexes whose development is directed toward accomplishing specific socioeconomic goals.

In recent years the Soviet Union has acquired constructive new experience in this field. We are referring to the drafting of the subprogram for development of the Nonchernozem Zone, the program for developing the petroleum-bearing area in Western Siberia, the space research program, and so on. The countries of the socialist commonwealth have been using the experience of the Soviet Union in this field effectively and have been developing it creatively. For instance, in the decisions of the December (1975) Plenum of the Bulgarian CP Central Committee it is noted that the method of special-purpose programs should become the principal approach to planning, since in the present stage the capabilities of the strictly sectoral principle of organization and management are being exhausted. This method of planning is also being extensively used in other CEMA member countries: GDR, Hungary, Poland and Czechoslovakia.

In the present stage of development of the productive forces and production relations in the countries of the socialist commonwealth a number of complex problems are arising which are of equal concern to all the countries. We are referring first of all to the problem of relative and absolute exhaustion of the extensive factors of economic growth. Evidently all the CEMA member countries now no longer possess substantial reserves for a further rise of employment in the branches of material production. Potential is also limited for augmenting the growth rates of capital investments and drawing into economic circulation relatively more efficient natural resources of their own. Given these conditions, the task of maximum utilization of the existing potential in terms of manpower and productive capital and more economical consumption of raw materials, fuel, energy resources and materials is becoming especially urgent.

Given the growing shortage of manpower in the CEMA member countries their planning authorities are paying more attention to taking over the experience of the Soviet Union in the field of more optimum use of manpower. The system of supplements for combining occupation, for attending more than one machine, and so on, is being widely applied in the economic practice of the CEMA countries. In Bulgaria, for example, the mechanism applied in the Shchekino experiment in the USSR was used in carrying out the reform of the system for remuneration. In order to reduce losses resulting from the turnover of manpower, the GDR is making successful use of the experience of the Kaluga experiment in centralizing the distribution of manpower among specific enterprises.

Recently there has been increased interest on the part of planning officials of the CEMA member countries in shared experience in solving the problems of regional planning, including the experience that has been widely used in shaping regional industrial complexes and building a scientifically sound network of economic regions, in planning the development of systems for population movement, and so on. For instance, the drafting of the Unified Regional Structural Plan for Development of Bulgaria up to the Year 1990 was based to a considerable extent on the Soviet conceptions of comprehensive economic planning.

Because of the diminished role of extensive factors in the economic growth of the countries of the socialist commonwealth work to intensify social production has become more important. Much attention is being paid to this aspect in all the CEMA member countries. The fraternal parties have launched broad programs for raising economic efficiency and the quality of all economic performance. In practice this is a task which a majority of the CEMA member countries have in common during the current 5-year period and in the long run.

The typical characteristic of all the countries of the socialist commonwealth is improvement of the forms and methods of economic planning. All the fraternal countries are setting themselves the task, for example, of drafting a system of interrelated plans: long-range plans, 5-year plans and

annual plans. The methods of planning based on balances are being improved, and there is improvement in the level of internal consistency of plans.

All the CEMA countries are devoting attention to increasing the scientific soundness of long-range forecasts of socioeconomic and scientific-technical development, which are becoming an important element in preplanning work of central planning agencies. Ever broader use is being made in planning of balances of intersector relations and of the methods of mathematical economics.

In all the CEMA member countries more orderly economic relations are being established between enterprises and organizations, methods of assessing the economic performance of enterprises are being improved, as are the principles of material and moral incentives for enterprises and their workers. The process of improving the organization of production management is continuing, and the number of intermediate links is being reduced. In most CEMA member countries large production and scientific-industrial associations have become or are becoming the principle entity in the system of economic accountability.

The problem of improving the economic levers used in management of the economy is not being removed from the agenda. The role of credit financing by the bank is increasing, the system of relations which enterprises and associations have with the state budget is being improved, and a great deal of work is being done to speed up scientific-technical progress, to improve product quality, and to rationalize the use of resources for expanded reproduction.

The growing role of socialist economic integration in solving the key problems of the socioeconomic development of the fraternal countries has predetermined the necessity for further improvement of the planning of foreign economic relations and for their management. The task has arisen of achieving greater comprehensiveness in the planning of foreign economic relations among the CEMA member countries and of establishing an organic linkage of the measures envisaged in state plans concerning development of socialist economic integration in the socialist commonwealth with the physical, labor and financial resources required for that purpose. This has been done in most CEMA member countries by incorporating special sections and subsections pertaining to integration in state plans for economic and social development. The methodology for drafting the sections devoted to development of socialist economic integration, which the Soviet Union began to compile in 1974, was the basis for shaping this kind of section in the national economic plans in many CEMA member countries which have made creative use of this experience of the Soviet Union in accordance with their own specific national context.

Improvement of planning and the economic mechanism in most CEMA member countries is pursuing the direction of intensifying the comprehensive approach to solving the complex problems of planned and economic management of the

economy. The comprehensive systems approach is becoming an increasingly typical trait in the development of the economic mechanism in the countries of the socialist commonwealth, which is fully in line with the present character of socioeconomic development. Throughout the entire 30-year history of their mutual cooperation in the Council for Mutual Economic Assistance the CEMA member countries, improving their planning and management of the economy, have held mutual consultations and carried on an extensive mutual exchange of experience acquired in the current practice of economic planning.

With the formation of the CEMA Committee for Cooperation in the Field of Planning Activity the exchange of experience in perfecting planning systems and management of the economy of the CEMA member countries becomes systematic and regular and has assumed straightforward organizational forms. All of the CEMA member countries attribute great importance to exchange of experience in planning activity. They deem it "indispensable to systematically exchange experience on matters related to improvement of systems for economic planning and management on the basis of Leninist principles of socialist economic practice, above all concerning the role and functions of state planning, taking into account the specific conditions that have come about in each country as well as the future development of cooperation among the CEMA member countries."*

In the framework of the Conference of Deputy Chairmen of Central Planning Agencies, which is a working organ of the CEMA Committee for Cooperation in the Field of Planning Activity, the countries regularly inform one another about current issues arising in the current practice of planning and examine and summarize the experience the countries have acquired in improving systems for economic planning and management.

This makes it possible for the central planning agencies of our countries to familiarize themselves on a regular basis with the state of affairs in the current practice of planning and improving the economic mechanism. A study of the experience of each of the countries makes it possible to apply to specific issues in current planning practice those methods of solving problems which have justified themselves in the experience of other countries and thereby avoid possible negative consequences, taking into account the collective experience that is available.

International economic relations of the new type, which have come about among the socialist countries unifying their efforts within the framework of the Council for Mutual Economic Assistance, have laid the basis for extending the sphere of planning to foreign economic relations among the cooperating

* "Kompleksnaya programma dal'neyshego uglubleniya i sovershenstrovaniya sotrudnichestva i razvitiya sotsialisticheskoy ekonomicheskoy integratsii stran-chlenov SEV" [Comprehensive Program for Further Intensification and Improvement of Cooperation and Development of Socialist Economic Integration of the CEMA Member Countries], Moscow, Politizdat, 1971, p 31.

countries. The operation of the objective economic law of planned proportional development has become international in nature.

In the 30 years that have passed since formation of the Council for Mutual Economic Assistance the cooperation of the frsternal countries has traveled a long road of development--from conventional coordination of mutual deliveries of goods, which were mainly on a bilateral basis, to the broad range of methods of joint planning activity. The beginning of the seventies marked a fundamental important stage in development of the CEMA member countries and their mutual cooperation. In these countries the fraternal communist and worker parties have set the task of building advanced socialism. The Soviet Union has undertaken to build the material and technical base of communism.

As L. I. Brezhnev emphasized in the Report Address of the CC CPSU to the 24th CPSU Congress, "experience has led us to a common conclusion: we must achieve more elaborate industrial specialization and cooperation, link national economic plans more closely together, in short, advance along the road of economic integration of the socialist countries."

The Comprehensive Program for Further Intensification and Improvement of Cooperation and Development of Socialist Economic Integration of the CEMA Member Countries was drafted by the Council for Mutual Economic Assistance and was unanimously adopted by all its members as a programmatic document in 1971. Its drafting and adoption marked a reinforcement of planning in the conscious management of the processes of development of socialist economic integration, of the international socialist division of labor, of the convergence of the economies of the cooperating countries and formation of a highly efficient modern structure of the national economies, and of the gradual closing and equalization of levels of economic development of the CEMA member countries. The Comprehensive Program for Socialist Economic Integration received high praise from the fraternal communist and worker parties and governments of the CEMA member countries and was unanimously approved by the central committees of the fraternal parties and by the governments of the CEMA member countries.

In accordance with the Comprehensive Program periodic consultations are held on a multilateral basis in the field of economic policy, dozens of sectoral and general economic forecasts are prepared, state 5-year plans are coordinated, and decisions are also prepared and adopted concerning a number of long-range problems; work is being done toward joint planning of certain industries and types of production and on exchange of experience in the field of economic planning and management.

The center of gravity of cooperation is shifting more and more into the sphere of material production as production, investment, scientific-technical and foreign trade problems are being solved jointly on a comprehensive basis. This entails development of the planning foundations of material production and practical application of new methods and forms, above all

such important ones as compiling 5-year coordinated plans of multilateral measures related to integration and the drafting and practical implementation of long-range special-purpose programs for cooperation among the CEMA member countries. The need for and possibility of extensive development of cooperation among the CEMA member countries in the field of planning activity have come about thanks to the planned economic development of the fraternal countries, which is inherent in socialism.

The many years of experience in the economic and scientific-technical cooperation of the CEMA member countries has demonstrated that the most effective planning method for coordinating the mutual efforts of the fraternal countries in jointly solving complex economic problems is to coordinate 5-year state plans. This has become a tried and true method of joint planning activity of the CEMA member countries, one which is used to ensure the most important foreign economic prerequisites for the drafting and fulfillment of plans for the socioeconomic development of the CEMA member countries. The principles of combining bilateral and multilateral foundations for coordination of plans, closely linked to the drafting of national 5-year plans, have also justified themselves.

The coordination of the 5-year plans of the CEMA member countries has gone through a number of stages in its development, and it was preceded by the creation of certain prerequisites of a political and economic nature. The political prerequisite was establishment among the CEMA member countries of relations in which not only are full equality, sovereignty and mutual benefit guaranteed, but the laws of unselfish fraternal mutual assistance and class solidarity are also unfailingly triumphant. The economic prerequisites were establishment of the socialist way of life in the countries of the commonwealth. No small role was played by experience acquired in economic planning and in organization of multilateral cooperation in the framework of CEMA.

These prerequisites made it possible for the CEMA member countries, as early as 1954 in the Fourth Session of the Council, to adopt a decision on coordination of national economic plans for the 1956-1960 period. The transition of the CEMA member countries to coordination of 5-year plans marked a qualitatively new stage in the economic cooperation of the fraternal countries and a strengthening of conformity to plan in their mutual activity. It opened up broad possibilities for deeper relations in the spheres of production, science and technology.

So now the countries of the socialist commonwealth have been coordinating their 5-year plans for five 5-year periods. All five of the coordinated 5-year plans covering the 1956-1980 period had their own identity and bore the imprint of those tasks which the fraternal parties and governments had set or which evolved from the decisions of the conferences of party leaders and heads of government and also from recommendations of the CEMA sessions.

As the principal method of planned accomplishment of the international socialist division of labor, the coordination of plans for the 5-year period has been continuously improving and developing. With each new 5-year period rational new elements are being introduced into it. Having come about as a method of mutual adjustment of certain aspects of economic and scientific-technical cooperation, the coordination of 5-year plans has become a unified and orderly international system for coordinating the 5-year state plans of the countries of the commonwealth in the context of socialist economic integration.

The procedure for coordinating national economic plans is also undergoing improvement. For instance, whereas the plans for the 1956-1960 and 1961-1965 periods were coordinated in the concluding stages of national planning, those covering the 1966-1970 period were coordinated during their compilation, and beginning in 1971 coordination begins long before the draft of national plans for economic development are compiled. The range of participants in the process of coordination is expanding. Ministries and other economic organizations of the CEMA member countries are becoming extensively involved in performing this important and crucial work.

Joint planning by the interested countries of specific industries and types of production has great importance in cooperation of the CEMA member countries in the field of planning activity. It affords the possibility of achieving close coordination with respect to selective industries and types of production, of unifying the efforts of interested countries in the fastest attainment of advanced scientific-technical results, and also of ensuring that they are highly competitive on the world market.

Joint planning, as it is stated in the Comprehensive Program, is an important method of organizing sectoral cooperation among the CEMA countries aimed at extensive utilization of the achievements of the worldwide scientific-technical revolution, at raising the efficiency of social production and at the fullest satisfaction of the needs of the CEMA countries for the products of the sectors and types of production selected as well as the needs of third countries. Use of the methods of joint planning in the practice of the cooperation of the CEMA member countries opens up broad possibilities related to the drafting and practical implementation of long-range special-purpose cooperative programs. Realistic conditions are created for expansion of the practice of joint planning of individual industries and types of production.

Intensification of the processes of socialist economic integration involves extensive development of multilateral forms of cooperation. They have undergone particular development in the last decade, since the 23d (Special) CEMA Session, which adopted the decision to draft the Comprehensive Program for Socialist Economic Integration.

Implementation of the Comprehensive Program and the practical activity of the CEMA Planning Committee have strengthened the multilateral approach to

solving the large-scale and intersector problems of economic development and cooperation and have been conducive to the gradual shift of the center of gravity in cooperation from the sphere of foreign trade, which was once exclusive, to the sphere of material production and capital construction, which is now predominant. The new forms, methods and instruments of cooperation in the field of planning activity that have emerged and established themselves in the process of this activity include joint forecasting of economywide indicators of economic development of the CEMA member countries up to 1995, the compilation and fulfillment of the Coordinated Plan for Multilateral Integrated Measures of the CEMA Member Countries for the 1976-1980 Period, the drafting and fulfillment of the long-range special-purpose cooperative programs up to 1990 in the most important spheres of material production.

It was emphasized at the 29th CEMA Session (1975), which approved the Coordinated Plan of Multilateral Integrated Measures for the 1976-1980 Period, that the drafting of such a plan is a new phenomenon in cooperation and a beginning of a large and extremely important job of unifying the efforts and resources of the CEMA member countries to solve such key problems as development of the fuel and power industry, ferrous and nonferrous metallurgy, machinebuilding, and furnishing food and other agricultural products to the countries of the commonwealth.

The drafting and fulfillment of long-range special-purpose cooperative programs represent a major new step in strengthening the planning foundations of development of mutual economic relations among the countries of the socialist commonwealth. The special-purpose programs constitute an elaboration and specific application of the Comprehensive Program for Further Intensification and Improvement of Cooperation and Socialist Economic Integration of the CEMA Member Countries. By defining the coordinated long-range strategy for cooperation of the CEMA member countries in the relevant branches of material production, the long-range special-purpose cooperative programs envisage for the first time in the practice of the economic relations of the fraternal countries a comprehensive and joint solution of the large-scale socioeconomic problems confronting them in the present stage of building socialism and communism. "We have adopted the course," L. I. Brezhnev has noted, "of jointly solving the problems of raw materials, fuel and power, food and transportation. We are intensifying specialization and cooperation, especially in machinebuilding, on the basis of the most recent achievements of science and technology. We will solve these problems reliably, economically and on a long-range basis. We will solve them in the context of an understanding of the interests and needs of every fraternal country and of the entire commonwealth."

The drafting and practical implementation of the long-range special-purpose cooperative programs are aimed at ensuring the efficient development of interrelated production complexes that play a decisive role in the all-round economic progress of the CEMA member countries and in the development of socialist economic integration.

The process of integration is also taking place along other lines. The intensive growth of the economic potential of the countries of the socialist commonwealth and the rise in the technical level of production have imparted great importance to determining the prospects for economic cooperation on a bilateral basis. The leaders of the communist and worker parties of the countries of the socialist commonwealth accordingly advanced as one of the most important tasks that of drafting long-range programs for industrial specialization and cooperation.

The drafting of such programs by the CEMA member countries is an important factor in performing the tasks set by the communist and worker parties of those countries related to the further unification of collective efforts extended to solve the key problems of socioeconomic development, to more rational and efficient use of the resources for expanded reproduction available in the countries of the commonwealth to strengthen economic potential, to speed up technical progress and to raise the standard of living of the fraternal peoples.

At the present time, when work is being done on a broad front in the countries themselves and in CEMA organs to reinforce in the form of contracts the commitments the countries adopted in connection with approval of the first three long-range special-purpose cooperative programs at the 32d Meeting of the CEMA Session, an important role is being played by close linkage of the measures contained in the long-range special-purpose cooperative programs with bilateral programs for industrial specialization and cooperation and with projects involved in coordinating the state plans of the CEMA member countries covering the 1981-1985 period. This makes it imperatively necessary to move very fast toward completion of the work of compiling the bilateral programs for development of industrial specialization and cooperation, so that the understandings reached in coordinating state plans can be taken into account to the maximum degree.

In the upcoming 5-year period there are plans to carry out major integrative measures envisaged in the long-range special-purpose cooperative programs. This is raising the requirements imposed on national planning and the Coordinated Plan of Multilateral Integrative Measures. The task is to give the content of those programs their proper place in national plans and the Coordinated Plan covering the 1981-1985 period.

Carrying out the long-range special-purpose cooperative programs and bilateral programs for industrial specialization and cooperation is not only strengthening the planning foundations of socialist economic integration, but is also laying a sound basis for a considerable rise in the degree of mutual complementarity of the economies of the countries of the commonwealth and for pursuing the coordinated strategic course of the fraternal countries toward expansion of economic and scientific-technical cooperation. This will make it possible to make collective efforts more effective in solving key economic problems and will ensure the dynamic development of every country and of the socialist commonwealth as a whole, and it will also be

conducive to equalizing the levels of economic development of the fraternal countries.

L. I. Brezhnev, general secretary of the CC CPSU and chairman of the Presidium of the USSR Supreme Soviet, has noted: "Each of our 5-year plans is an important landmark in the history of the homeland. Each of them is notable in its own way and bears the inimitable traits of its time, and each has been impressed for all time in the memory of the people. At the same time they are inseparable from one another. They are important chapters in a single great book that chronicles the heroic labor of our people on behalf of socialism and communism." These words of L. I. Brezhnev can be applied with full justice to the 5-year plans for economic development in each of the fraternal cooperating countries.

The process of the economic and political convergence of the peoples of the socialist countries under the aegis of socialist economic integration is going forward steadily and is confronting the CEMA member countries with important new tasks. It is toward their performance that the activity of central planning agencies of our fraternal countries is directed as they strive to perfect the planned management of the economy and of mutual cooperation in the field of planning activity.

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INTERNATIONAL ECONOMIC RELATIONS

CEMA DEVELOPMENT DISCUSSED

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[Interview with CEMA Secretary Fadeyev: "Approaching the Fourth Decade With Confidence."]

[Text] [Question] CEMA is 30 years old. How, Comrade Fadeyev, could a few figures describe the results of the three decades of economic development by the CEMA countries?

[Answer] There is no exaggeration in saying that CEMA is celebrating its 30th anniversary in an atmosphere of great socioeconomic achievements made by its member countries. The produced national income of the CEMA member countries in 1978, for example, has increased 7.6 times in comparison with 1950, which was practically the first year of their cooperation. Industrial production rose twelvefold, and gross agricultural production is now almost 2.5 times of what it was. Economic investments rose tenfold and the foreign trade turnover, twentyfold. The standard of living of the population has risen greatly. Approximately 74 million dwellings and tens of thousands of hospitals, sanatoriums and recreation homes, thousands of kindergartens and day care centers have been built in these years. The training in all learning institutions and the medical care of the population are free of charge. All working people have assured pensions. The GDR's achievements in all areas of its socioeconomic development also confirm this general development in an outstanding way.

Yet not only quantitatively should the great successes of the CEMA member countries be gaged. Modern achievements in science and technology are the basis for their economic development.

Of historic importance are the successes in solving the economically and politically important task of gradually bringing closer and assimilating the fraternal countries' levels of economic development. This amounts to an objective historic process in the development of the socialist world system.

At the present all the European CEMA member states are industrial or agro-industrial countries having a modern economic structure, some of them having had almost no industry and only backward agriculture 30 years ago. Impressive has been the speed of economic development in the MPR and Cuba, whose industrialization is advancing with success.

With the support from the fraternal countries, the heroic and industrious people of socialist Vietnam is successfully developing its economy. In the last 30 years that nation has been engaged in heroic struggle for its freedom and national independence.

Progressive production branches are predominating in the CEMA member countries' industrial structure. The most rapidly developing branches are those that form the basis for the technical progress of the entire economy: electronics, machine building, chemical and petrochemical industry, radio electronics and others.

[Question] What, in your view, is the share the CEMA countries' cooperation itself has had in the economic successes you have referred to?

[Answer] All these accomplishments of course are the result of the enormous creative efforts made by their peoples which, led by the communist and workers parties, are constructing socialism and communism. There is no exaggeration in saying that none of our fraternal countries could have achieved such great successes in its socioeconomic development as have been achieved in this historically brief period of 30 years without close economic and political cooperation and all round mutual assistance.

CEMA helped the fraternal countries defend their independence during the period of the economic blockade by the imperialist states, promoted socialist industrialization and the socialist transformation of agriculture under the conditions of the worst postwar destruction and of the economic backwardness of most of the member countries, and supported, and is supporting, the formation of a modern and highly developed economy.

As an active CEMA country the GDR too has constantly contributed to extending and consolidating this fraternal cooperation. The founding of CEMA thus is a great historic event and the inevitable consequence of the formation of a new type of international economic relations, based on the principles of socialist internationalism.

This new type of relations among socialist states is an important achievement of world socialism.

Today the community of the socialist countries is marked by increasingly closer mutual relations. More and more elements of community are emerging in their policy, economy and public life. Their relations are pervaded by a genuine feeling of friendship and mutual comradely interest in the successes of others, by an understanding of their common fate, by mutual sympathy and respect. The CEMA member countries have taken unchartered roads of

multilateral cooperation and in these three decades gathered unique experiences in the use of various forms and methods of cooperation commensurate with the tasks posed concretely by the fraternally allied communist and workers parties for every new phase in the progressive development by the CEMA member countries toward socialism and communism.

A new form of the collective solution of great economic problems on behalf of the entire socialist community of our countries lies in jointly setting up various production projects in the CEMA member countries.

At those construction sites the working people sense still more directly the community of interests shared by the countries of the socialist community, and they become still more strongly aware of the need to solve collectively the problems in the construction of socialism and communism. That has become particularly clear in the construction of the Soyuz natural gas pipeline by an international collective. Of outstanding importance for the successful development of our countries was their implementing the recommendations of the CEMA organs in the fields of energy, raw materials, chemistry, and production and science and technology specialization and cooperation. One may refer here to the joint enterprise of the united "Mir" energy systems, started in the late 1950's, by the European CEMA member countries. It made possible a greater exchange of electrical energy, required smaller reserve capacities in the various participating countries, and allowed for a more efficient and reliable use of the energy systems. Now we have concluded the construction of the 800-km long 750-kV pipeline from Vinnitsa in the USSR to Albertirsa in Hungary. This "energy bridge" connects the various "Mir" energy systems in the European CEMA member countries with the western part of the Soviet Union's unified energy system.

This is the first completed project of a number of other projects, of the general agreement on the long-range development of the unified energy systems of the CEMA member countries. The 750-kV pipeline makes possible increasing deliveries of electrical energy from the Soviet Union and significantly improves the safety and effectiveness of the united "Mir" energy systems. Another example of this sort is the shifting of the "Friendship" petroleum pipeline, more than 5,000 km in total length. This gigantic pipeline assures petroleum shipments from the Soviet Union, based on which comprehensive petrochemical complexes were established in Hungary, the GDR, Poland and the CSSR. The construction of the Soyuz natural gas pipeline was completed. This pipeline supplies the European CEMA member countries with natural gas as an energy source or a technological raw material for the chemical industry. Joint efforts have provided interested countries with extra capacities for mining iron ore in the Soviet Union, for instance, or coking coal in Poland. The freight car volume of all participants led to a joint freight car park. It handles approximately two-thirds of all the rail transport for foreign trade commodities. The Ilyichovsk-Varna railroad ferrying line significantly reduces the freight transportation periods between Bulgaria and the Soviet Union in comparison with rail transport.

Joint efforts by the interested CEMA countries give rise for new capacities for an annual 30,000-ton nickel and cobalt products production in Cuba. The international geologists expedition from CEMA member countries to the MPR is carrying on with its projects successfully.

Some other projects are being generated in the metallurgical and chemical industries.

Within the CEMA framework, comprehensive projects have been carried out in the production specialization and cooperation for various products as an important factor for gaining production efficiency.

A remarkable result of cooperation has been the joint creation of a uniform EDP system and the production of these installations based on specialization and cooperation.

Right now in machine building alone there are some 80 production specialization and cooperation agreements for more than 10,00 machine building commodities.

Scientific-technical cooperation has assumed an enormous scope. More than 3,000 R&D facilities, including approximately 200 science institutions of the academies of sciences in our countries, are engaged in multilateral cooperation.

Based on our complex program, more than 14,000 projects in basic and applied research were concluded through the cooperation among scientists. More than 1,700 new machine and equipment designs have been developed. More than 1,300 technological processes were elaborated or perfected. Over 1,400 new materials, products and specimens have been developed.

The extensive cooperative program between the CEMA member countries and Yugoslavia which was adopted in 1974 for the field of environmental protection and the rational use of natural resources connected with it is being implemented with success.

I should like to make a special point of this active cooperation in sectors that are most up in front in science and technology--the peaceful use of nuclear energy and space exploration. The GDR is making an important contribution to space research. A noteworthy place in the arsenal of scientific space equipment is held by devices created by scientists, engineers and workers of the GDR.

I could of course only refer to some of the extensive CEMA projects that contribute to the socioeconomic development of our countries.

[Question] May we ask you to give us some details on the development of CEMA's foreign trade?

[Answer] The successes in the development of the CEMA countries' economies, the further development of their economic and scientific-technical potentials and the deepening of socialist economic integration are a firm basis for a rapid and stable growth of foreign trade among the CEMA countries.

The foreign trade structure has improved significantly. Machines and equipment are forming an ever larger sector in the CEMA countries' export. A high proportion of machinery is characteristic especially of GDR exports. Expressive of a considerable development in the sphere of material production, these goods comprise the most active and dynamic sector of the commodity turnover. In 1978, machinery and equipment came up to 33.7 percent of the overall export from CEMA member countries, thereby exceeding the corresponding parameters in a number of capitalist industrial countries.

And here the point must be made that formerly industrially backward countries like Bulgaria, for example, which exported no machines and equipment at all 30 years ago, today already, as in the case of Bulgaria, provide a 47-percent share for machines and equipment for its export. Romania increased its share from 4 to 28.5 percent; Poland, from 8 to 44 percent.

New is that not only the foreign trade and planning organs, but also the industrial ministries, combines and enterprises, that is, the direct producers and users of the export and import commodities, are actively involved in further boosting foreign trade. In 1978 the reciprocal commodity turnover among the CEMA member countries was 22 times as high as in 1950 and went beyond Rubles 100 billion. The average annual increase came to 12 percent, significantly higher than the growth in industrial production and of the national income. This is convincing evidence for the deepening of our international socialist division of labor. The CEMA member countries' foreign trade with other socialist countries developed fast and rose tenfold in the period from 1951 to 1978.

The CEMA member countries have done a lot to boost their trade with the developing countries, the turnover increasing 32-fold. It always is based on just foundations and helps the developing countries in strengthening their national economies. It does away with monopoly positions by capitalist countries in this field, forcing them to accommodate themselves to the demands from the developing countries.

The trade with the capitalist industrial states has also grown significantly. Trade turnover with them is now more than 16.5 times of what it was at the beginning of the period we are talking about. This also testifies to the broad participation by the CEMA member countries in the worldwide division of labor.

This trade with the capitalist industrial countries is a material basis for further detente through the struggle for peace all over the world, a struggle conducted by our countries.

[Question] What can you tell us about CEMA's cooperation with other socialist countries and with countries of other social orders and with international economic organizations?

[Answer] Countries that are not members of CEMA may, in conformity with the CEMA statute, take part in the work of its organs under conditions agreed upon between CEMA and such countries.

In 1964, for instance, an agreement was concluded between CEMA and the government of Yugoslavia, which, as one knows, is not a member of CEMA. On that basis, Yugoslavia actively participates in the work of CEMA organs in matters of mutual interest. While initially Yugoslavia took part in the work of seven CEMA branch organizations, today its active participation extends to virtually all CEMA organizations.

For a number of years Vietnam took part in the work of the CEMA organizations as an observer. Vietnam's joining CEMA in 1978 was a logical consequence of that previous participation by Vietnam. This was a great political event testifying to the further consolidation and strengthening of the unity of power in the countries of the socialist community. This direct participation by Vietnam in CEMA activities doubtless expands the material-technical base of the socialist division of labor and will contribute to a more rapid reconstruction of Vietnam's economy and to the construction of socialism there as well as to the further development of the economies in the whole socialist community.

The Democratic People's Republic of Korea has, on invitation, taken part in CEMA's work for many years. The last CEMA session furthermore was attended by representatives of Angola, Laos and Ethiopia, as observers.

It is known that the CEMA member countries, unerringly and consistently, are pursuing the course toward an expansion of economic, scientific and cultural relations with all countries in the world, irrespective of their social and state structure, on the basis of the principles of equality, mutual advantage, noninterference in their internal affairs and the respect for their sovereignty. It is understood that the same course is being taken by its collective organization, by CEMA, too. That was confirmed by the cooperation agreement signed between CEMA and Finland in 1973. After that agreement was signed, the relations between the CEMA member countries and Finland became exceedingly fruitful, serving the peoples in these countries. Cooperation agreements also were signed between CEMA and Iraq and between CEMA and Mexico. CEMA relations with more than 60 international economic and scientific-technical organizations are expanding and deepening. In 1975, CEMA obtained official observer status in the UN General Assembly and in the UN economic regional commissions and in a number of other international organizations, which doubtless reflects its great authority in international relations.

I should like to point out that CEMA, in unerringly pursuing a course toward expanding trade and economic relations with all countries, regardless of their social systems, has proposed to EEC an EEC-CEMA agreement on the bases of mutual relations, which implies that the member countries of these organizations may also take part in this agreement. The draft agreement contains concrete measures aimed at promoting trade and economic relations as well as other relations between the CEMA member countries and the countries participating in the EEC. CEMA is of the opinion that signing that proposed skeleton agreement is an important factor in establishing and developing relations between CEMA and its member countries on the one side and EEC and its member countries on the other, as well as between each of the organizations with the member countries of the other organization.

Concluding such an agreement would be a contribution to materializing the principles of the Final Act of Helsinki.

[Question] In conclusion we should like to ask you to tell us something more about the long-range development of the cooperation among the countries of our socialist community.

[Answer] In the complex program as adopted in 1971 for the further deepening and perfecting of cooperation and the development of socialist economic integration, and in the long-term target programs on cooperation in important areas of material production as adopted in 1978 and 1979--which are rendering more concrete, and develop, the complex program--the realistically foreseeable perspectives of from 15 to 20 years are staked out with precision. After the complex program was adopted, the CEMA member countries' cooperation reached a new level. They are joining their efforts for the complex solution of great and long-term problems in economics, science and technology, on behalf of consolidating their economic and defense capacity and of improving the peoples' prosperity.

That was expressed most clearly by Comrade Erich Honecker in his SED Central Committee status report to the Ninth SED Congress, where he said: "The new content in the relations among our socialist countries finds its concrete expression especially in the cooperation within the framework of CEMA and of the Warsaw Pact organization. Based on the complex program for socialist economic integration, the economies of the countries united in CEMA start to intertwine. That taps, qualitatively, new possibilities for increasing our community's economic capacity and, with it, significantly contributes to deepening in every way the relations of friendship among our countries and peoples."

The implementation of the complex program and of the long-term target programs became the main content in the cooperation among the member countries and in the activities of all CEMA organs.

The complex program is being implemented with success. At the same time, the CEMA member countries and the CEMA organs have started their cooperation

that aims at the fulfillment of the long-term target programs. The long-term target program for cooperation in the raw materials and energy industry for the period up to 1990, for example, calls for an extensive development of nuclear energy. Within the next decade the CEMA member countries are to establish nuclear powerplants with a total 37,000-MW capacity. Their operation will make possible that approximately 70 million tons of unity fuel will annually be saved. There is no doubt that this grandiose program will be fulfilled.

Also planned are measures for solving the fuel and energy problem by creating energy capacities through the use of solid fuels, including fuels low in calorific power, and hydroenergy resources.

It furthermore is a matter of an accelerated development and use of new energy sources and of further developing the unified electrical energy systems. An important task lies in moving the sites of energy-intensive production closer to the cheap electrical energy sources. Extensive projects are being contemplated for supplying ferrous and nonferrous metallurgy and the chemical industry with important raw materials.

For the qualitative conversion of these branches, cooperation programs have been set down for developing the production of modern machinery and equipment.

The long-term target programs for cooperation in agriculture and the foodstuffs industry, in the production of industrial consumer goods, and in transportation call for improved supply availabilities for the economy and the population in products and services by those economic branches.

No doubt the process of the all round consolidation of our countries will increase on the basis of the increasingly deepening objective process of socialist economic integration. Our economies will be assimilated still more and their cooperation will become still closer. The levels of economic development will become still more alike. The role of cooperation in the field of planning, especially the coordination among the economic plans, will increase as the chief method for the cooperation and deepening of the international socialist division of labor. Joint prognostication and the planning of branches and types of production will find a broader application. Thereby it will become possible to develop still more harmoniously and efficiently each country's economy in cooperation with the economies of the other countries in the socialist community.

Greater intellectual assimilation among our peoples is very important. That is already being demonstrated by our extensive scientific-technical and cultural relations and by the participation of the broadest strata of our working people in the socialist competition for the fulfillment of the export orders of the fraternal countries and for realizing the projects in the coordinated plan for multilateral integration measures. Science is going to continue to play a leading role as socialist economic integration advances.

Our countries' successes in their socioeconomic development toward the construction of communism and their experiences in cooperation on the basis of the Marxist-Leninist principles of socialist internationalism are going to enhance still more the power of attraction the ideas of socialism have for the peoples all over the world. Socialism is going to strengthen further its influence on world developments. This has been impressively expressed by the CPSU Central Committee Secretary General and Chairman of the Presidium of the Supreme Soviet L. I. Brezhnev in his book titled, "The World of Socialism--A Triumph of High Ideals."

"As any other historic phenomenon," Comrade L. I. Brezhnev writes, "the community of the socialist states is going through a process of development. The fraternal countries belonging to it are consolidating and developing; they are deepening their alliance. The relations that unite them are becoming broader and deeper all the time. Their collaboration and cooperation in the various spheres of domestic and foreign policy are becoming more perfect. Simultaneously, the fertilizing influence our community has on the course of current history becomes ever more active and effective. There is no doubt that with the further development of events the great and fruitful role played by the existence of the socialist community and the policy it conducts for mankind will become increasingly more apparent and more greatly appreciated." Those words clearly express the process of the development of the socialist community with respect to the current phase as well as to the future.

By way of summary I should like to say that CEMA's activities in the 30 years of its existence has played an outstanding role in supporting socioeconomic developments and in consolidating the unity of the community of the socialist states.

CEMA is demonstrating to the whole world the experiences in fruitful multilateral cooperation based on the high Marxist-Leninist principles. This is a shining example of international relations of a new type, of the most democratic and righteous relations that have formed within a large group of socialist countries. This activity fully and completely conforms with the noble principles of the United Nations and of promoting social progress and durable peace in the whole world.

5885
CSO: 1826

BRIEFS

POLISH PRODUCTION OF AN-28 AIRCRAFT--On the basis of a Soviet-Polish government agreement, the Polish "PZL" factory in Mielec is now making preparations, under Soviet documentation, to start production of the AN-28 passenger aircraft. The AN-28 is a light passenger craft having a flying radius of about 650 kilometers and capable of handling 15-18 passengers with baggage. In other variations the aircraft can be outfitted as, among other things, a transport or hospital plane. [Text] [Bonn DIE WIRTSCHAFT DES OSTENS in German 29 Jun 79 p 4]

CSO: 1823

IMPROVING DOMESTIC TRADE SETTLEMENTS

Moscow DEN'GI I KREDIT in Russian No 5, May 79 pp 51-55

[Article by I. L. Blinchevskiy, deputy chief of the administration for trade credit of the Gosbank Board: "Improving Accounts in Trade"]

[Text] Specialized wholesale trade organizations of the union republic trade ministries, which have a ramified network of autonomously financed enterprises (bases, refrigeration facilities, and so forth) play a large role in resolving the problems facing Soviet trade. Wholesale turnover is the movement of goods from the sphere of production to the sphere of circulation, but wholesale trade is not only an intermediary between the producers of the goods and the retail trade network. Its functions include uninterrupted and complete satisfaction of the needs of retail trade enterprises for goods that meet popular demand in terms of quality, quantity and assortment.

The structure of wholesale commodity turnover is fairly complicated and its composition depends on the uses to which commodity resources are put, on the forms of commodity movement and on the nature of accounts. In terms of the forms of organization of the movement of commodities, there can be warehouse or transit wholesale commodity turnover, and in terms of the nature of accounts, transit commodity turnover is subdivided into that which includes accounts (with the investment of funds) and that which does not include accounts. Warehouse and transit turnover which includes accounts as a whole comprise wholesale commodity turnover with accounts.

Warehouse commodity turnover is the main means by which specialized wholesale organizations procure products from many manufacturing associations (industrial enterprises), form the commodity assortment, store goods that have seasonal demand and check for the quality of items that come in. It is economically expedient for goods of a complex assortment which require additional sorting or batching before they are sent to the retail trade network.

Transit commodity turnover, whereby industrial enterprises that manufacture products ship (issue) them directly to the buyers, bypassing warehouses of wholesale bases, is used for such goods as bakery, whole-milk and wine and alcohol products, large-sized goods and items of a simple assortment. It

is also used when there are permanent deliveries of large batches of goods to retail trade organizations (in volumes that are no less than the minimum shipments stipulated for certain goods by the Special Delivery Provisions).

A correct selection of the form of delivery is of great significance: It should provide for continuous production of goods with minimal stocks of them, an efficient system of commodity movement and the elimination of excess intermediate stages.

In addition to this, questions of organizing settlements occupy an important place in the complex of economic ties among industrial enterprises, wholesale bases and retail trade. In this connection, much attention has been devoted in recent years to the prospects for chaning industrial enterprises over to direct accounts with consumers on the basis of direct economic ties.

When considering the indicators that characterize the development of wholesale commodity turnover, one should note that during the period of 1962-1977 the overall commodity turnover of specialized wholesale organizations increased 2.3-fold. And individual forms of wholesale turnover had different growth rates. Commodity turnover in transit operations without the participation of the bases in the accounts developed at more rapid rates: It increased three-fold while the sale of goods directly from the warehouses of wholesale organizations increased 2.2-fold.

In addition to this, there is continued growth of commodity turnover in transit with the wholesale bases participating in the accounts. During the 15 years it increased by 169 percent. The period under consideration is also characterized by significant progress in the structure of wholesale commodity turnover -- a change in the ratios between proportions of various forms of turnover in the overall commodity turnover of wholesale organizations.

Because of the considerable growth of transit commodity turnover without the participation of wholesale bases in the accounts, its proportion in the overall commodity turnover increased from 28 percent in 1962 to 37 percent in 1977, or by 9 percentage points, the proportion of warehouse commodity turnover being reduced by 1 percentage point (from 41 to 40 percent) and transit commodity turnover with the participation of the bases in the accounts, by 8 percentage points (from 31 to 23 percent).

But despite the reduction in the proportion of transit commodity turnover with the bases' participation in the accounts, it still comprises almost one-fourth of all commodity turnover, which is evidence of the existence of no small reserve in the possibility of rectifying accounts.

This pertains, first of all, to textile trade organizations and grocery and footwear trade bases, where the proportion of transit turnover with the bases' participation in the accounts in 1977 reached 60, 39 and 25 percent, respectively.

The presently existing policy for the participation of wholesale bases in accounts for the delivery of goods in transit has been in effect for 30 years and it was introduced for the primary purpose of making sure that the enterprises that shipped the cargoes received payment and also to contribute to a situation where the bases exercised control over prompt shipment of the products and the fulfillment of contractual commitments.

The extensive participation of wholesale bases in accounts for transit operations was justified at a certain stage in the development of our country's economy. But essential changes have taken place in the national economy in past years. There has been an immeasurable increase in the volumes of production and delivery of consumer goods; there has been further qualitative development of economic ties between enterprises of industry and trade; and there has been a sharp increase in commodity turnover that involves cash payments. The financial condition of the trade organizations and their ability to pay have improved significantly.

Under these conditions the negative aspects of including wholesale bases in the accounting relations between the suppliers and recipients of the goods have become more and more manifest.

Let us take a more detailed look at the shortcomings that exist when wholesale bases participate in accounts for transit operations.

The absence of direct accounting ties weakens autonomous financing relations between the enterprises that manufacture the goods and retail trade organizations as well as their combined influence on the fulfillment of contractual commitments. Although in theory it is thought that wholesale bases, by participating in accounts, also observe the condition of the production of goods, the course of their delivery and the fulfillment of contractual conditions, the actual situation shows the low degree of effectiveness of this kind of control.

Moreover, the credit and payment of the numerous consolidated payment demands from commodity shippers that come in to wholesale bases are handled in an essentially mechanical way which, naturally, reduces the responsibility of the supply enterprises for the fulfillment of their commitments.

It is obviously no surprise that refusals to accept payment demands received from wholesale bases apply mainly to accounting documents for transit shipment of goods. Thus in 1977 2,665 refusals of acceptance came in to the Moscow Oblast trade base of Rostekstil'torg and 2,397 or 89 percent of them were for transit operations.

Since the reasons for these refusals amount mainly to violations of contractual provisions by the commodity shippers, there can only be one conclusion -- the wholesale bases, which were primarily responsible for making sure that the suppliers observed the conditions of the agreement, did not do this. With this kind of situation there inevitably arises a permanent lack of correspondence between the movement of commodities and the accounts for them.

Accounts in which wholesale bases participate undoubtedly reduce the possibility of trade's direct influence on industry to update the assortment of items and improve their quality.

Several years ago buyers were given the right to introduce for a period of up to 6 months a policy whereby the commodities were paid for only after they met quality standards. This right was granted in the event that the suppliers had repeatedly shipped goods that did not meet the contractual conditions for quality and variety. But the trade organizations did not very actively take advantage of this measure which they were allowed to use for influencing suppliers. And with transit operations, when the accounts are kept through wholesale bases, this sanction is practically not applied. Therefore when one considers the reasons for the appearance of poor-quality goods and an unsatisfactory assortment in retail trade, a good deal of the blame should be assigned to the existing three-stage system of accounts. Having received payment from the wholesale base for the products shipped to the retail trade organization, the industrial enterprise considers the account closed. Formally, everything is correct. But if one proceeds from the idea that the sale of the product means recognition of its public usefulness, in this case, that is, when the commodity is paid for by an intermediate organization, this conclusion will be premature.

Credit relations between the Gosbank and specialized wholesale trade organizations (when there are transit operations, the bases participating in the accounts) do not correspond to the demands placed on them as one of the forms of control through the ruble over the course of production and circulation. After all, the goal of bank control is not only to insure legality and prompt settlement of accounts, but also to insure the observance of contractual commitments by suppliers and buyers, to insure product quality, to prevent the accumulation of above-plan and excess supplies of material values, and to reduce the debit and credit indebtedness of the enterprises and organizations. But the exercise of these control functions and, in particular, the determination of the legality of the numerous refusals of acceptance that come in for transit operations present certain difficulties for economists of Gosbank institutions who are working with wholesale organizations. In this instance the bank's work is limited basically to making payments on the accounting documents of the commodity shippers from a special loan fund of the wholesale base and investing its own resources in these operations.

The participation of wholesale bases in accounts for transit operations leads to additional expenditures and inefficient expenditure of material, labor and monetary resources at industrial enterprises, wholesale organizations and Gosbank institutions, which do a large amount of technical work for writing out payment documents, documenting accounting operations, and processing and checking documents that support mutual complaints of economic agencies.

The list of shortcomings caused by the participation of specialized wholesale trade organizations as third parties in accounts is not exhausted by this. One cannot leave other undesirable phenomena unnoticed either.

Wholesale bases frequently experience financial difficulties caused by factors beyond their control: because commodity recipients' nonpayment for goods in transit shipments. The participation of three parties in accounts makes it impossible to apply more efficient forms of accounts (payment instructions, under the policy of planned payments) in the interrelations between industrial enterprises and retail trade. It should be noted that the formation of the main indicators of the activity of wholesale bases which have a considerable proportion of accounts for transit operations (commodity turnover, profit) and, on the basis of them, the material incentive funds are not very closely related to the quantity and quality of the labor of the collectives of these organizations.

It would seem that all that has been said above irrefutably demonstrates the need for a maximum reduction of the participation of wholesale organizations in transit operations. This is persistently required by the interests of increasing the efficiency of public production, improving contractual relations between enterprises and organizations, observing a system of economy, accelerating the turnover of material and monetary funds, simplifying document turnover and making it less expensive, utilizing circulating capital and Gosbank resources more efficiently, increasing the role of cash accounts and using the ruble to control the fulfillment of economic plans.

But the process of rectifying accounts and excluding from them the intermediate party, specialized wholesale bases, has been prolonged and is encountering many obstacles on its path.

The need for retaining the participation of specialized wholesale bases in accounts is justified by the following considerations: transit with their participation in the accounts is planned as part of the overall commodity turnover for the bases, from which a considerable part of their profit is formed; the bases are the ones that pay the turnover tax and they are responsible for reimbursing industrial enterprises and other suppliers for transportation expenditures when there are transit shipments of goods with the bases' participation in the accounts.

Here it is necessary to clarify that transit turnover is not included in the wholesale commodity turnover planned by the trade ministry of the union republic for republic wholesale organizations; here one establishes only the wholesale commodity turnover for the sale of goods and interrepublic commodity turnover, including with the bases' participation in the accounts.

Nor is transit turnover included in the plans when the republic trade organizations approve the wholesale commodity turnover for enterprises under their jurisdiction.

The structure of commodity turnover in terms of the various forms of movement of goods (warehouse and transit) is developed and approved independently by managers of wholesale bases. Thus, if it is necessary and recognized as expedient, the trade ministry can reduce the proportion of turnover with the

with the bases' participation in accounts without reducing the overall volume of wholesale commodity turnover and this organization, in turn, can reduce it for the wholesale base.

This will make it possible for the wholesale base to change the ratio between transit circulation without participation in the accounts and with participation in the accounts by increasing the proportion of the former -- organized commodity turnover. This does not reduce the role or responsibility of the wholesale base in the work of organizing trade ties between industry and wholesale trade or its participation in the distribution of orders, the formulation of specifications for goods or, finally, the exercise of control over the shipment of goods.

Since the composition of wholesale commodity turnover that is used when determining the level of gross income, distribution costs and profitability includes only commodity turnover with participation in the accounts, a reduction in transit turnover with participation in accounts will automatically also entail a change in the planning indicators for the wholesale base's profit and distribution costs.

However we are not raising the issue of complete elimination of the participation of wholesale bases in accounts, but only the curtailment of it when this is expedient. Therefore the problem of reducing the profitability of wholesale bases, as a rule, should not arise.

Moreover, and this is also of great significance, when including wholesale trade bases (except bases of textile trade organizations) in wage groups for establishing salaries of managers, engineering and technical personnel and other specialists, one takes into account the overall (gross) wholesale turnover, including transit turnover without the bases' participation in the accounts. For wholesale bases of textile trade organizations this circulation is insignificant, which is why it is not taken into account.

In keeping with this same principle, a system of material incentives has been organized at specialized wholesale bases of trade ministries of the union republics. Thus the workers' collectives of wholesale bases will not be at a material disadvantage because of the change in the components of wholesale commodity turnover.

At the present time a considerable part of the output of light and the food industry is sold with the participation of specialized wholesale bases in the accounts. Because of this they automatically become the ones who pay the turnover tax for goods which are subject to this tax. But this does not mean that the functions of the payers of the turnover tax are assigned to wholesale bases as a legal norm. Thus in the General Instructions on Turnover Tax of the USSR Ministry of Finance, it is pointed out that specialized wholesale organizations of trade ministries of the union republics are the payers of the turnover tax for the sale of goods which they have received (that is, which are shipped to their warehouses) and also for goods

that are shipped by the enterprises to the buyers and are in transit, with the accounts drawn up on behalf of these organizations.

This means that the entire matter consists in the participation of bases in accounts for transit operations, but this is not reinforced by any legislative documents and is not mandatory. True, it is generally considered that many years of practice somehow acquire the force of law, but on the other hand -- and this is more significant -- practice which opposes the requirements of time must be changed and the sooner the better.

Incidentally, when considering the existing policy for the payment of turnover tax it is easy to note that it is not at all uniform. According to the instructions of the USSR Ministry of Finance of 16 September 1974, No 215, "On the Policy for Calculating and Paying Turnover Tax on Goods of Light Industry," industrial enterprises of the system of the USSR Ministry of Light Industry are the payers of the turnover tax for a number of goods (rugs and carpet items, curtain, tulle and lace fabrics, haberdashery items, knitted fabrics, sporting goods made of leather, prepared fur items, felt headwear, and many other items), in all cases, that is, regardless of how they are sold -- with or without the participation of the bases in the accounts.

Food industry enterprises that produce vodka, cognac, liquers and grape, fruit and berry wines always pay the turnover tax.

Finally, for many products the organizations that pay the turnover tax are either the enterprises themselves (when the sale of goods bypasses the wholesale stage) or the wholesale bases (for the sale of goods when they participate in the accounts).

Thus there is no doubt about the possibility of the turnover tax being paid by industrial enterprises when the accounting policy is restructured.

True, there is one circumstance in which the wholesale organizations, despite a large amount of technical work, consider it expedient to pay the turnover tax. This is when there is a permanent reserve in the form of carry-over indebtedness for accounts with the budget, whose existence makes it possible for them not to experience financial difficulties when indicators of their economic and financial activity are unsatisfactory.

Without touching on the essence of this issue -- on whether or not it is correct to have such an unaccounted-for source to cover shortcomings in the work of wholesale bases -- one can say that the danger is exaggerated, since even after the wholesale organizations no longer participate in accounts for goods in transit, they will still pay the turnover tax on warehouse sales of goods and the tax on the remainder of the goods in transit operations.

The level of gross income (and hence also profitability) from the sale of goods in transit with the bases' participation in the accounts depends on the ratio between warehouse and transit turnover that has taken form at

the wholesale bases. The distribution (through calculation) of gross income during 1977 shows that for wholesale organizations of Rostekstil'torg, where the proportion of transit turnover with the bases' participation in the accounts is 68.0 percent of the overall commodity turnover, 65.8 percent of the gross income is formed from this turnover; in Rosobuv'torg the proportion of transit operations with the bases' participation in the accounts amounted to 33.2 percent and the gross income -- 32.7 percent; for Rostorgodezhda -- 19.1 and 18.4 percent; and for Rosgalantereya -- 5.6 and 5.0 percent, respectively.

The figures that have been presented show that for wholesale organizations in haberdashery and also recreational and household goods, where the proportion of transit operations with their participation in the accounts is quite insignificant, further reduction or complete elimination of the bases' participation in the accounts will not be reflected in their profitability.

As for wholesale organizations for groceries, textiles, clothing and footwear, which form gross incomes and profit largely through transit operations with their participation in the accounts, here in each case it will undoubtedly be necessary to calculate the degree to which the reduction of these operations will be reflected in the profitability of the wholesale bases. Here one should take into account the proportion of the given goods in the transit turnover with the bases' participation in the accounts and the broad range of the amounts of wholesale rebates that are offered to wholesale bases in connection with turnover taxes or in connection with the suppliers.

When considering the possibilities of developing direct accounts, one must take one's orientation from the instructions in the Provisions for Deliveries of Consumer Goods, which envision direct contractual ties and this means direct ties between industrial enterprises and retail enterprises and organizations that are located along with the suppliers in the same city, oblast, kray or republic which does not have oblast division and with large retail enterprises and organizations, regardless of their location.

Based on this, it is logical to raise the question of the sequential development and expansion of direct accounts between manufacturing enterprises and retail trade organizations that are located in the same city or rayon.

The expediency of changing over everywhere to direct accounts for intra-urban deliveries of goods is dictated by many considerations. Territorial proximity makes it possible for suppliers and buyers to solve problems that arise regarding delivery dates, the assortment and the quality of goods. They can do this each day, on the spot, and without the participation of intermediaries. The number of mutual complaints decreases and the process of handling them is accelerated. The establishment of closer ties contributes to improving joint study of the consumer demand for individual goods and to rapid changeover of industry to the production of items that meet modern demands. It becomes possible to expand the system for concluding long-term (five-year) economic agreements between industrial enterprises

and retail trade organizations and, on the basis of this, to determine more correctly the annual programs for the production and delivery of goods and the detailization of their nomenclatures.

Since the wholesale rebate is minimal -- 0.1 percent of the retail prices -- for goods that are sold to consumers in the same city as transit goods with the participation of specialized wholesale organizations in the accounts, the exclusion of these bases from the accounts will not involve a reduction in the profitability of their work.

Report data (appended to the report on sales and shipments, f. No 4) do not give a correct or complete idea of the actual volume of commodity turnover in the same city. This is because many bases in their reports show the shipment of goods by industrial enterprises to retail trade organizations located in the same city as interurban transit (when the wholesale base is located in another city), even though for the commodity shipper and the commodity recipient this turnover is intra-urban. And there are quite a few operations like this. They take place in each oblast, kray and republic (without oblast division).

If it were located in the same city as the consumer of the goods, the enterprise that ships the goods could, with direct accounts, receive payment on the day the accounting documents are submitted to the bank. But when accounts are kept through a wholesale base (located in another city) the arrival of the money is delayed and takes several days, depending on the distance the documents must cover.

Let us give two typical examples.

The Yegor'yevsk Footwear Factory (Yegor'yevsk, Moscow Oblast) and the Glukhovskiy Cotton Fabric Combine (Noginsk, Moscow Oblast) ship their products to local retail organizations. Accounts are kept through specialized wholesale bases located in Moscow and payments come from within 4 or 5 days.

The Kozhobuvnoy Combine (Tartu, Estonian SSR) has direct ties with retail trade of the city trade administration and accounts are kept with the Tallin wholesale base for footwear trade.

Here we are undoubtedly dealing with the most favorable conditions for the introduction of direct accounts between industrial enterprises and retail trade, with subsequent improvement of these accounts.

Sometimes, without any reason and in opposition to the best interests of the matter, wholesale bases participate in accounts for transit deliveries of goods for which wholesale rebates are not established.

A successful solution to the problem of rectifying accounts depends largely on how well this work is organized in bank institutions.

The positive experience of the Estonian republic Gosbank office and the Moscow and Leningrad city Gosbank offices provide valuable material in this regard. They have done multifaceted work for improving accounts and, having overcome many difficulties, excluded from the accounts specialized wholesale organizations of the trade ministry for transit delivery of a number of goods, both goods which are subject to a turnover tax and those which are not.

The fulfillment of the tasks that have been set for improving the economic mechanism and economic levers requires acceleration of the completion of accounting operations. Document turnover must be simplified and made less expensive, the ruble must be used to exercise greater control over the activity of enterprises and organizations, and contractual discipline and autonomous financing must be strengthened.

A successful resolution to the entire complex of issues that arise when solving the problem of rectifying accounts will depend largely on republic trade and finance ministries and state arbitration agencies. But offices and divisions of the USSR Gosbank should take the initiative in this matter, for they are primarily responsible for the organization of accounts in the national economy.

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PROBLEMS IN VEGETABLE PRODUCTION, STATE PURCHASES NOTED

Moscow SOVETSKAYA TORGOVLYA in Russian No 7, 1979 pp 12-14

[Article by N. Parfenova, senior economist of the Department of Procurement for Agriculture of the RSFSR Gosplan: "Uninterrupted Trade in Potatoes and Vegetables--A Firm Foundation"]

[Text] As a result of the consistent implementation of the party's agrarian policy, begun by the March (1965) CPSU Central Committee Plenum, the production of agricultural products has increased significantly in the country, and the provision of foodstuffs for the people and raw material for industry has been improved. The course adopted by the party was further developed at the July (1978) CPSU Central Committee Plenum, whose decision represents a program of long duration for an upsurge in all sectors of agriculture in the interests of improving the Soviet people's standard of living.

Significant work has been carried out during the Ninth Five-Year Plan and 3 years of the 10th Five-Year Plan in production, procurements and trade, that is, in all stages of moving agricultural products from the field to the consumer. With each year modern technology and scientific achievements are being more and more widely put into use, and the material and technical base and the extent of the technical equipment of kolkhozes, sovkhozes, and procurement, processing and trade enterprises and organizations are being reinforced. These measures have made it possible to increase production and state purchases of fruit and vegetable products, to expand commodity turnover and the supply of early vegetables to cities and industrial centers, and to increase their dietary proportion.

However, as noted at the July (1978) CPSU Central Committee Plenum, the production and procurement of potatoes and fruit and vegetable products are increasing slowly. The people's demands for these products still are not being completely satisfied. For this reason, it was pointed out in the plenum's decree that one of the most important tasks in the field of agriculture in the current five-year plan and for the long term is to make every increase possible in the production and state purchases of potatoes, vegetables, fruits and other agricultural products. In the complex of

measures outlined by the plenum to develop agricultural production and improve its efficiency, great importance is being attached to further improvement in the planning of state purchases.

The system of procurement planning now in effect consists of the establishment of firm plans for purchases and the provision of incentive for above-plan sale of products to the state by appropriate surcharges to the purchase prices. The state plan for purchases is the basis for planning agricultural production and has the force of law. On the basis of this plan, kolkhozes, sovkhozes and other agricultural enterprises draft their own five-year and annual production plans and make contract agreements with procurement and trading organizations.

In recent years, meanwhile, the practice of frequent and unjustified changes in plans has been revived and many plans have made their appearance. In this connection, the July Plenum of the CPSU Central Committee decreed that the multiplicity of plans be eliminated and that a single, stepped-up, but practicable plan for the purchases of agricultural products be established for 5 years, subdivided by years, beginning with the 11th Five-Year Plan.

In addition, negative manifestations such as inadequately justified economic assessment of the production capabilities of individual kolkhozes and sovkhozes, as a result of which plans are downgraded for certain farms and overstated for others; poor balancing out and normative substantiation of plans; substitution of a differentiated approach toward farms in determining the volume of purchases by norms and indicators averaged by rayon and oblast; and violation of the requirements of the principle of democratic centralism now are being observed in the practice of planning and organization of production and purchases.

There are cases where targets for the sale of vegetables according to the types of crops are established for farms locally, without taking into account the demand for them and the orders of trade organizations.

Often an increase in the production of commodity resources of potatoes, fruits and vegetables in kolkhozes and sovkhozes is held up by lack of coordination in planning the production, purchases and use of this output. Such discrepancies arise in connection with the fact that plans for the use of potatoes, vegetables and fruits are drafted annually and are approved after production and financial plans of kolkhozes and sovkhozes are drawn up. As a result, fruit and vegetable products are being planned and produced on farms without taking into account the quantity and variety demanded by consumers. This upsets the balance of plans and consequently leads to nonfulfillment of the state plan for purchases and to a reduction in commodity resources, and holds up the timely conclusion of contract agreements. Often contract agreements are made for 2 and more months later than the terms established by the government, when hothouse and early vegetables are being bought and begin to appear in the cities. For example,

according to data of the RSFSR TsSU [Central Statistical Administration], in 1978 only 2.8 percent of the contract agreements for potatoes and fruit and vegetable products were concluded by 15 January and 68 percent by 1 March in the republic. A similar situation also took shape in 1979.

To put the planning of production, purchases and utilization of fruit and vegetable products in order, it has become necessary, simultaneously with approval of annual plans for the purchase of potatoes and fruit and vegetable products in variety, to define and approve plans for the use of these products, shifting the periods for their drafting and approval from December-January to October-November, when the state plan for purchases for the next year is specified more precisely. This would make it possible to complete the work mentioned before consideration and approval of production and financial plans of the kolkhozes and sovkhozes, to make contract agreements or agreements supplementary to them in the periods established by the government (before 1 January), and thereby to provide for full conformity of the production of agricultural products with the plans for their purchase and use in accordance with the contract agreements concluded.

Defining the principal direction for the development of agricultural production in the near future, Comrade L. I. Brezhnev, speaking at the July Plenum of the CPSU Central Committee, pointed to the need to concentrate all efforts on fulfillment and overfulfillment of the plans of the 10th Five-Year Plan. Workers of agriculture and procurement and trade organizations, despite poor weather conditions, achieved quite good results in 1978. The plan for sale to the state of vegetables and grapes was overfulfilled in the country as a whole. More vegetables than in 1977 also were purchased in the RSFSR. The plan for purchases of potatoes and vegetables was overfulfilled in Leningrad, Moscow, Voronezhskaya and Sverdlovskaya Oblasts, Bashkirskaya ASSR, and a number of other oblasts and republics.

The interests of developing the production and procurement of and trade in potatoes and fruit and vegetable products require strict observance of plan discipline in these sectors. First of all, this refers to fulfillment of long-range and annual state plans. However, many kolkhozes and sovkhozes and procurement and trade organizations are not systematically fulfilling the plans for purchases of potatoes and vegetables stipulated in contract agreements. In 3 years of the 10th Five-Year Plan, large quantities of potatoes have not been delivered to the state by kolkhozes and sovkhozes in Kalininskaya, Gorkovskaya and Ryazanskaya Oblasts, and large quantities of vegetables have not been delivered by farms in Volgogradskaya and Penzenskaya Oblasts. A situation in which individual farms in their pursuit of "volume" fulfill the state plan for the sale of vegetables by producing one or two crops and do not provide for fulfillment of the plan for purchases of vegetables in variety cannot be tolerated. Different vegetable crops have vanished from the fields of many kolkhozes and sovkhozes or their production has been reduced to a minimum.

For example, the sovkhozes of Kaluzhskaya Oblast raise hardly any of the vegetable crops so needed for the people during the winter and early spring periods of the year.

The plan for delivery of vegetables and potatoes for consumers of All-Union and republic (RSFSR) stocks are not being fulfilled regularly and for all products. In many autonomous republics, krays and oblasts of the RSFSR, shipment of vegetables to the planned consignees is not being carried out, regardless of the resources available, and precedence in the use of procured products or their shipment to nonplan consignees is tolerated. Thus in 1978, as well as in preceding years, the shipment of cucumbers to nonplan consignees was continued from Rostovskaya Oblast and Krasnodarskiy Kray, and tomatoes were shipped to nonplan consignees from Dagestanskaya ASSR and Astrakhanskaya Oblast and other oblasts. Carrots, beets and other vegetables also are being shipped long distances without a plan, which leads to inefficient utilization of state assets. For example, in 1978 beets were delivered from Sverdlovskaya Oblast to Kostromskaya Oblast, carrots to Pskovskaya Oblast, and carrots and beets to Tatarskaya ASSR, and other vegetables were delivered from Moscow Oblast to Ryazanskaya and Kaluzhskaya Oblasts, all without a plan.

Directing the attention of party and economic personnel to the obligatory observance of discipline and high responsibility in fulfilling plans for procurement of products, Comrade L. I. Brezhnev stated at the July Plenum of the CPSU Central Committee: "They often cite difficulties and objective reasons, but no matter how difficult it is, no one has been given the right to infringe upon the public interests, to violate state discipline."

Nonfulfillment of the plan for delivery of potatoes and vegetables for All-Union and republic (RSFSR) stocks is leading to a significant shortage of marketable stocks. Such violations of state planning discipline have become possible as a result of inadequate control over purchases and deliveries of products and suppliers' lack of statistical accountability for the products shipped. With the aim of proper control over the shipments of potatoes and fruit and vegetable products for the All-Union stocks and their top priority, it is advisable in plans for the use of agricultural products of union republics, the RSFSR in particular, to provide for delivery for the All-Union stock separately from the republic stock. In addition, the indicators of shipment for the All-Union stock according to suppliers and consumers should be established separately from the republic stock in the republic periodic statistical accounting, the same way that this has been provided for in the accounting of the USSR TsSU. In the final summary of shipment for All-Union and republic (RSFSR) stocks, it is necessary to provide for accountability by suppliers.

The economic motivation of farms, kolkhoz farmers and sovkhoz workers in the production and sale to the state of potatoes and vegetables in the variety needed is of special significance in the current stage. Despite a number of economic measures carried out after the March (1965) Plenum of the CPSU Central Committee, such as putting purchase prices in order,

improving the material motivation of agricultural workers, and changes in the system of planning, definite differences in the level of profitability of agricultural products have still been retained. For example, in RSFSR kolkhozes in 1977, the profitability of vegetables grown in open ground was lower than the profitability of grain and all other crop products, and the production of potatoes was unprofitable. For a significant number of farms and oblasts of the RSFSR, purchase prices for vegetables and potatoes do not make up for the expenses to produce them. For this reason, kolkhozes and sovkhozes have not been motivated to increase production of potatoes and vegetables of various types, to improve their grade and keeping quality, and to raise the quality of products to be marketed.

In order to turn purchase prices into a tool for active economic influence on the fulfillment and overfulfillment of state plans, it is necessary to establish them on a correct value basis, thereby gradually eliminating the unjustified variations in the profitability of production of different products and the illegal difference in the income of individual sectors. In this connection, the decree approved by the CPSU Central Committee and the USSR Council of Ministers on the purchase prices for a number of agricultural products, including potatoes and individual types of vegetables, is very important. Under this decree, the purchase prices for potatoes were raised an average of [illegible] percent throughout the country as of 1 January 1979, and the purchase prices for cucumbers, tomatoes and garlic were raised an average of 9 percent. The change in purchase prices does not assume an increase in retail prices, but is carried out through supplementary payments of the state.

Together with raising purchase prices, a very pressing problem is reinforcement of the motivation of sovkhoz workers and kolkhoz farmers. They are now in an economic situation in which the main thing for them is receipt of high tonnage of fruit and vegetable products and potatoes and their sale to the state immediately after the harvest. Such indicators as the variety of products, the period of sale, marketability, and the quality and profitability of vegetables and potatoes have been inadequately reflected in the wage system at present. Often farms, in their pursuit of "volume," attempt to leave marrow squash and early cabbage growing longer and increase the amount of irrigation for vegetables and melons without justification, which leads to overripening and deterioration in product quality.

/Leading kolkhozes and sovkhozes in Moscow Oblast are using differentiated rates for a unit of early produce depending on the periods of its sale. Considerable attention is being devoted here to fulfillment of monthly plan-schedules for the delivery of vegetables in variety. Definite positive experience in the payment of workers of vegetable-growing brigades, taking into account the amount of produce sold and its variety and quality, as well as the periods of sale, has been accumulated in the giant Nizhnedneprovskiy vegetable sovkhoz in Dnepropetrovskaya Oblast, in the Ukrainian SSR. A job contract plus bonus system of wages was introduced in the sovkhoz brigades. During the field operations period, all brigade members

are given an advance partial payment in accordance with the actual amount of work carried out. The final calculation is made at the end of the year. For fulfilling the plan for the sale of vegetables to the state, the vegetable growers receive an additional 25 kopecks for every ruble earned during the year and 1 percent of annual earnings, paid in the form of an advance, for each percent of above-plan production. In addition, a bonus is added for variety and high quality of output and early periods for its sale. This experience with wages deserves special attention and dissemination./ [paragraph in smaller type]

In our opinion, providing incentive for sovkhoz workers and kolkhoz farmers to increase the production and sale to the state of potatoes and fruit and vegetable products of the required assortment and quality must be coordinated with fulfillment of contract agreements. At the same time, it is necessary that the indicator of fulfillment of contract agreements be the basis for evaluation of the work of all contractors.

This is the first year of practical implementation of the decisions of the July Plenum of the CPSU Central Committee. For this reason, it is very important not only to fulfill the current plans for purchases and use of potatoes and vegetables in the required variety, but also to establish a firm foundation for fulfillment of the targets of the 10th Five-Year Plan as a whole and work under way for the future to provide for uninterrupted trade in these products.

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OPERATION OF IL-86 FLIGHT SIMULATOR DESCRIBED

Moscow VOZDUSHNYY TRANSPORT in Russian 3 Jul 79 p 1

[Article by correspondent A. Sdvizhkov: "They Are Obtaining Flying Skills on the Ground"]

[Text] /A complex simulator for the Il-86 aircraft has been put into operation in the Moscow Transport Administration of the Ministry of Civil Aviation./ [in boldface]

For the first time I had occasion to take part in a flight which really... did not exist. I did not buy a ticket, did not register it at the counter, and did not pass through the checkout, but simply went up the gangway to the cockpit of an airliner without a fuselage and surfaces. Everything was as it is on an ordinary flight: the commander sat in the left seat, the copilot sat in the right seat, and the flight engineer was behind him attending to his duties. Incidentally, a crew of three will "carry" 350 passengers at one time on the airliner in the near future.

In front behind the instrument panel a screen with a display of the runway flashed up, a voice "from the ground" gave takeoff clearance, and soon the sensation of a conditional flight disappeared. The roar of the engines intensified as it usually does, the gray squares of the runway started sliding under the cockpit, and the cabin seams quivered slightly. My body was being pressed more and more forcefully into the seat and before long the buffeting ceased--we were in the air. The horizon widened, and the buildings on the ground became smaller. The aircraft banked to the left and the right and took up its assigned course.

N. Sil'nitskiy, chief of the simulators division of the Administration of Radio-Electronic Equipment of the MGA [USSR Ministry of Civil Aviation], said that the simulator for the Il-86 aircraft is the first they call dynamic digital [podvizhnoy tsifrovoy]. It simulates load factors which develop in banks, vertical movements, turbulence, and--stated simply--buffeting. The designation "digital" relates to the computer. Its employment provides many advantages: high precision in solving problems related to flight simulation is achieved, simulation of the various elements of flight is improved, the stability of simulator operation is enhanced,

and it does not require regular readjustment. In the event that the aircraft is modified and some connections in the simulator have to be corrected, it is sufficient to change the program which is put into the computer.

Also for the first time, the simulator is being put into operation before the airliner. And this is very important if one considers that crews can not only be trained on it but retrained as well. Significant fuel savings is achieved, and the quality of training is improved in the complete safety which has been ensured, since training is conducted on the ground. More than 200 so-called special flight situations are being introduced here: emergency descent, failure of an engine, gyrohorizons, navigation equipment...

I see how difficult it is now for the crew: one completely unexpected situation after another. Nothing like this happens during a real flight--we are continually being jolted and aural and visual emergency alarms are being actuated. Senior instructor-pilot A. Saprykin introduces one situation more complicated than another. However, the crew calmly and confidently performs its work. Today the crew is being assisted by V. Korneyuk from the Vnukovo training subunit [podrazdeleniye]. He is accepting the simulator, and Honored Pilot of the USSR V. Mezokh, copilot N. Volod'kin, and flight engineer B. Orlov are turning it over. This crew from the State Scientific Research Institute of Civil Aviation assisted the creators of the simulator to complete adjustments on it when it was still at the plant and worked on it here for several days.

"It is an excellent simulator," Vladimir Chemguyevich Mezokh says. "It makes it possible to master any flight, navigation and other tasks on the ground. As is well known, the airbus is a large, complex aircraft, "filled" with many systems. And by playing through different situations, the crew is able to improve their performance until it is automatic. I have taken part in test flights of the Il-86 more than once already, but working on the simulator is more difficult than in real flight. But as they say: "Difficult in training, easy in battle.'"

...We have been "descending" for several minutes now, we have passed a layer of clouds, and the ground is getting closer. The runway appeared directly on course. A slight bump, a short rollout, and we are taxiing to the ramp.

This unusual flight lasted about 2 hours. This is the time it will take the Il-86 to carry 350 people from Moscow to Mineral'nyye Vody.

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CSO: 1823

PROBLEMS IN RAIL TRANSPORT, HAULING VEGETABLES BY RAIL IN AZERBAIJAN

Editorial Views Rail Transport Shortcomings

Baku VYSHKA in Russian 30 May 79 p 1

[Editorial: "Efficiency of Transport"]

[Text] The 25th CPSU Congress has outlined a program of accelerated development of all types of transport with the aim of a fuller and more prompt satisfaction of the demand of the national economy and population for shipments. A leading role in this work belongs by right to railroads, which perform the largest volume of shipments.

The successful accomplishment of the task that has been proposed is unthinkable today without intensive utilization of all technical means and without a continuous quest for new reserves for heightening efficiency. An example has been given by the collectives of the enterprises of the Moscow RR, which are striving to speed up freight shipments through increasing the weight and length of trains. This valuable experiment, which was approved by the CPSU Central Committee, is finding widespread application also on the Azerbaijan RR.

Many locomotive engineers of the Kirovabad, Baladzhary and Dzhul'fa depots have shown themselves to be masters in driving heavy-weight trains. Party, trade union and Komsomol organizations and economic administrators must now be concerned that the experience of the pacemakers serve as the basis for the achievement of high results by all locomotive brigades. The interests of the cause urgently require the development in collectives of truly effective, purposeful competition to increase the weight of each consist and the number of railroad cars in it and to create all the necessary conditions for this.

The most important place belongs to freight cars among the technical means of transport. So, the efficiency of operations of the entire railway network depends to a large extent on how they are operated. A concern for the best utilization and safekeeping of the rolling stock was dictated by a decree of the USSR Council of Ministers, which was published in the newspapers a few days ago. It noted the basic shortcomings being encountered during shipments.

In particular, damage to a large number of railroad cars during loading and unloading and the performance of switching operations, a less than complete unloading of railroad cars and less than complete cleaning of them and removal of the remainders of cargoes being shipped in them are being allowed. As a result of the lack of observance of norms for layovers of railroad cars on sidings of industrial enterprises, organizations and construction projects and irregularity in the presentation of freight for shipment, the loading resources of railroads are substantially reduced.

Such instances are not a rarity on the Azerbaijan RR either or in the work of its numerous customers. In a photograph handed over to the editors by a railway inspector for safekeeping of the railroad car fleet, which we are publishing today, is engraved an episode of gross violation of the rules: this took place at the Baku Tunnel and Bridge Structures Plant, where, in order to unload concrete aggregate, they used, believe it or not, a bulldozer, which went up onto the railroad flatcar. The result was that its sides were broken off.

A check carried out by the inspectorate showed that the number of damaged railroad cars grew substantially among us in 1978 in comparison with the previous period. The situation as regards their safekeeping was particularly unfavorable on the Baku Branch, to which can be attributed 70 percent of the ruined railroad cars. Many of them have piled up at the Kishly, Baladzhary, Sumgait and Main Alyaty stations.

The inspectors for safekeeping of the railroad car fleet, to whom it is appointed to uncover violators promptly and to implement preventive measures, must sharply improve their work. Experience shows that where the movement of public inspectors for safekeeping of the means of transport has been well organized and where business contacts with the customers have been gotten smoothly under way, it is entirely possible to avoid damage to railroad cars during loading and unloading, as well as during switching operations. It is necessary to promote in any way possible the dissemination of the practices of the Azerbaijan Pipe Rolling Plant imeni V. I. Lenin in the repair of damaged railroad cars. During four months the pipe rollers have restored 70 railroad cars.

A wide field of activity is being opened up here for the Dorprofsozh [Railroad Committee of the Railroad Transportation Workers' Trade Union] and the rayprofsozh's [Rayon committees of the Railroad Transportation Workers' Trade Union] for the organization of competition and contests for the best safekeeping of rolling stock, for the most rapid rehabilitation of it and for the strengthening of business cooperation among all who are involved in shipments on the railroad.

But railroad cars go out of operation not only when they are damaged. They often lie idle on industrial sidings owing to poor organization of loading and unloading. For a period of four months the layover of railroad cars on the Azerbaijan RR exceeded the norm by 2.79 hours. The loading and unloading of railroad cars is being very poorly carried out at the chemical enterprises of Sumgait, the State Committee for Viticulture and the Wine-Making Industry,

the Goskomsel'khoztekhnika [State Committee for the Supply of Production Equipment for Agriculture] and the Gossnab [State Committee for Material and Technical Supply] and at the Baku Tire Plant. For the railroad as a whole, the losses on the tracks owing to excess layovers of rolling stock are so great that the railroad daily is short up to 500 railroad cars for loading.

Both parties, the railway workers and their customers, must have an interest in the prompt freeing of rolling stock and the smooth-flowing delivery of it for other freight. Hence, it is necessary to improve continually the interaction of the various links of the transport conveyor and to heighten the responsibility of enterprises and organizations for the performance of freight operations during the course of 24 hours and of all the days of the week, as this is required by the decree of the USSR Council of Ministers. Examples from experience prompt one to believe that railway workers must take the initiative themselves. It is very important to assist poorly trained employees of transport shops at enterprises in better organizing freight operations, in teaching them advanced methods and enlisting them in competition based on the principle of the "Workers' Relay Race."

A further improvement in the operations of the republic's main line of steel is directly linked with the consistent introduction of the work practices of the Leningrad and Odessa transport junctions, of the Elektrostal' Enterprise of Industrial Railway Transport and the industrial and railway enterprises of Chelyabinskaya Oblast, which are enlisting new reserves for efficiency and quality in the cause. Unfortunately, all these rational methods of transport operations are still not being used on the Azerbaijan RR. Only the collectives of the Baku Freight Station and the Baku Port have taken up mastering the know-how of the people of Leningrad. And during the first year then, they have achieved results that are not so bad. Much still remains to be done for the further improvement of the activity of the Baku Transport Junction. The management of the railroad and Party organizations must strive more persistently for introduction everywhere of the practices of the country's other advanced collectives as well.

This is also necessary because our railway workers together with all the republic's workers must actively participate in the implementation of the decree of the CPSU Central Committee and USSR Council of Ministers, "On Measures for the Further Specialization of Agricultural Production and the Development of Viticulture and the Wine-Making Industry in the Azerbaijan SSR." The more collectives there are that have mastered the innovative practices, the more tangible will be the benefit and the higher the efficiency of their labor.

Follow-Up on Items Cited in Editorial Article

Baku VYSHKA in Russian 18 Jul 79 p 2

[Article by Kh. Talybov, chief of the Baku Branch of the Azerbaijan RR: "Efficiency of Transport"]

[Text] The leading article, "Efficiency of Transport," which was published in VYSHKA on 30 May, was examined at stations, in railroad car depots and at an operations conference in the offices of the branch of the railroad, a conference to which chiefs of stations and depots, as well as representatives of industrial enterprises having railway sidings, were invited. The facts in the section on the safekeeping of rolling stock, as set forth in the article, were fully corroborated. The article was totally correct in pointing out the careless and wasteful treatment of rolling stock on the part of freight consignees, who ruin and break the railway cars during the process of unloading.

Over a period of five months, as a consequence of violations of the GOST [All-Union State Standard] at the Main Alyaty, Karadag, Sumgait and Kishly stations, 41 railroad cars were damaged on industrial sidings and a loss in the sum of 11,120 rubles was inflicted on the state. During the performance of loading and unloading operations, individual enterprises grossly violate the procedure for use of equipment, by which they cause damage to transport. In addition, damage to railroad cars is also allowed during switching operations on industrial sidings whose condition is extremely unsatisfactory.

It was established by inspections conducted of the track facilities of the customers of the Kishly, Sumgait and Baladzhary stations that capital and planned forms of repair of the tracks are not being made promptly, which not infrequently leads to the derailment of railway cars and damage to them.

The situation as regards the safekeeping of the railroad car fleet was examined repeatedly in the branch and appropriate measures were taken against the guilty parties. And the material on the massive damage to railroad cars at the Baku Tunnel and Bridge Structures Plant was handed over to the investigatory organs in order to prosecute the guilty parties. In addition, materials on the damage to railroad cars were directed to the people's control committees of the Shaumyanovskiy and Narimanovskiy rayons.

Besides making the guilty parties answer to the Party and besides handing over materials to investigatory organs, we are also carrying out preventive work. Measures have been drafted for the safekeeping of the railroad car fleet by means of improving the processing methods for the performance of loading and unloading operations, the work of public inspectors of the railroad car fleet has been stepped up and explanatory work is being conducted in all subdivisions of transport, as well as at industrial enterprises.

The work practices of the industrial and railway enterprises of Chelyabinskaya Oblast, which were introduced at the Sumgait station and the Azerbaijan Pipe Rolling Plant imeni V. I. Lenin, at the Baladzhary station and the plant imeni S. Kardarev, at the Kishly station and at the Baku Plant imeni Lieutenant Shmidt, will be summarized and disseminated at other enterprises of the republic.

Problems in Shipping Vegetables by Rail

Baku BAKINSKIY RABOCHIY in Russian 7 Jul 79 p 2

[Article by R. Rzayev, instructor for the Lenkoran' City People's Control Committee, V. Dimitrov, correspondent for the newspaper GUDOK, and A. Radzhabov, correspondent for the BAKINSKIY RABOCHIY: "The Conveyor Must Work Efficiently"]

[Text] The vegetable growers of Azerbaijan have grown a rich harvest this year and have already dispatched many gifts from the bountiful earth by railroad to the country's industrial centers. The greatest contribution was made by the workers of the farms in the subtropical zone. The farmers of the Lenkoranskiy Rayon recently reported the fulfillment of the five-year plan and have pledged themselves to increase the procurement of vegetables to 190,000 tons this year.

While noting the successes of the vegetable growers, one cannot fail to say something also about how much effort the procurement organizations of the Azplodoovoshchprom [Azerbaijan Fruit and Vegetable Industry] agro-industrial association, as well as the railway workers of the Azerbaijan main line, have exerted. Hero of Socialist Labor I. Mamedov, first secretary of the Lenkoran' City Party Committee, said in a talk with us:

"Railway workers did a better job than last year in organizing their work and did much to ensure a clear-cut rhythm in the shipments of cabbage and cucumbers. Effective help was rendered to us by A. Kasimov, deputy chief of the railroad's freight service, who for more than one season now has traveled to the zone of shipment of the vegetables and in an operations effective manner has been solving problems connected with shipments...."

One must observe that it was necessary for railway workers to surmount serious difficulties. In May, for instance, a shortage of diesel locomotives for the trains was frequently experienced, which hampered the export of loaded railroad cars. And right when shipments were in full swing, when the reserve of refrigerator cars that had been accumulated on the main line had been almost fully exhausted, a real threat of a reduction in the loading of cabbage appeared: empty cars were returned to the Azerbaijan RR in insufficient number. However, thanks to measures taken by the Central Committee of the CP of Azerbaijan, as well as by the USSR Ministry of Railways and by the management of the Azerbaijan RR, this did not occur. The freight shippers did not experience a deficiency in the number of railroad cars.

"As for us," said A. Akhmedov, director of the Masally Procurement and Sales Center, "we have no complaints against the railway workers. We were provided with empty cars in sufficient number and the loaded railroad cars departed from the station without delays."

The same thing was said as well by A. Dzhabarov, director of the Kasumlinskaya Procurement and Sales Center, during a meeting with us. It is worth adding to this that, in contrast to previous years, the railway workers did not restrict the delivery of various shipments to enterprises and organizations in the subtropical zone while carrying out the mass shipment of vegetables.

Thus, the business cooperation of the vegetable growers, procurement workers and railway workers and the utilization of the experience accumulated by them in the area of interaction have yielded a positive impact this year. And it is precisely for this reason that the miscalculations and shortcomings tolerated here seem particularly inexcusable.

On 20 June at 1400 hours the Kasumlinskaya Procurement and Sales Center began to load a ten-car section with cabbage. According to existing norms this operation is to last two and one-half hours. However, the loading was completed only on the following day at 7:30 am. But even at this time it was still not known where the loaded railroad cars were to be sent to. Only at 9 am did the procurement workers draw up the transport documents: the section was to be dispatched to Gomel'.

There's something that must be said in particular about transport documents. The freight consignee, as Sh. Khasiyev, chief of the Kasumly station, explained, often becomes known only after the conclusion of the loading. If is not difficult to understand what this leads to: just try to determine which unit trains can be marshaled from railroad cars loaded at the stations if you don't know the destination points of the freight.

As far as layovers of refrigerator cars during loading are concerned, then the freight shippers should not forget that by observing the norm for layovers, they would be promoting the acceleration of the delivery of freight to the consumers and the most rapid return of empty cars to the points for loading vegetables. Railway workers must also not forget this. But they do not display the exactingness due to freight shippers for unproductive layovers, which, at times, are very great. Here is just one example.

G. Fatullayev, chief of the Masally station, showed us a request by the local procurement and sales center for the necessary number of railroad cars from 16 to 20 June. This document envisaged a need to deliver 12 railroad cars daily for loading. At once let us say that the request was obviously unjustified. On 16 June not a single railroad car was loaded. During the following two days the load consisted of a total of 12 railroad cars. And this occurred at a time when no shortage of empty cars was being experienced. But on 19 June a five-car section was delivered for the loading of cabbage. We arrived at the Masally station at midday on 21 June, but as of this time the loading of the railroad cars had not been completed. As they say, commentaries are superfluous.

And how is the load-carrying capacity of the railroad cars being utilized? It turns out that, all other conditions being equal, different stations do not load railroad cars with cabbage equally. At the Lenkoran', Girdani and Port-Il'ich stations the quota in terms of the dead load is, on the whole, overfulfilled, through which 56 railroad cars have been economized here since the beginning of the season. But here at the Kasumly and Masally stations, losses of loading resources are allowed. Of course, the freight shippers are responsible for nonfulfillment of the target in terms of the dead load. But railway

workers at the stations where underloading of railway cars is permitted are no less to blame.

The shipment of cabbage and cucumbers is now in the main being completed. But a new and no less important stage--the shipment of tomatoes--has already begun. They are being transported in boxcars, substantially more of which than as of this time last year have now accumulated on the railroad. But it is not possible to deliver each and every one of them for loading. At the Kasumly station, for instance, more than 200 railroad cars had been delivered in reserve as of 21 June. But more than half of them were in need of washing.

Washing of railroad cars is now being done at the Sal'yany station. One should think that railway workers would display the proper level of operations effectiveness and act so that not a single railroad car that has not been readied for shipments would be found among those in the loading zones.

Vegetable growers, procurement workers and railway workers are faced with great work in order to complete the shipment of vegetables. One should think that they would take into account the existing shortcomings and would strive for efficient planning of operations, prompt delivery of railway cars to the loading fronts and observance of the norm for layovers during loading operations and the norm for the dead load. The success of the conclusion of the strenuous vegetable harvest toil will depend on the accomplishment of these tasks, which is within the power of those who are engaged in shipments.

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CONSTRUCTION PLANS IN CIVIL AVIATION

Moscow VOZDUSHNYY TRANSPORT in Russian 28 Jun 79 pp 1-2

[Article by L. Svechnikov, deputy minister of Civil Aviation: "Guarantee the Efficiency and Quality of Construction -- Aeroflot Should Become the Standard in Transport"]

[Text] In fulfilling the decisions of the 25th CPSU Congress, Aeroflot is directing its activity toward more complete and timely satisfaction of the needs of the national economy and of the population for air shipments, for providing a further increase of them, especially for long distances and to difficultly accessible regions of the Arctic, Siberia and the Far East. A complex of measures is being implemented in the branch to increase the efficiency of production, the skills of passenger servicing and the regularity and safety of flights.

Solution of the tasks posed to civil aviation to increase the volumes of shipments, to develop new aviation technology, to equip the airports with modern means of mechanization and automation of production and air traffic control depends to a considerable degree on the successful course of capital construction: turnover of new production capacities for operation, an increase and qualitative improvement of basic funds and introduction of housing and objects of sociocultural designation.

Important significance is given to capital construction in the matter of transforming Aeroflot to the standard in transport and to a model sector of the national economy of the country. The main task is to increase the effectiveness of capital investments and to provide a maximum return of each invested ruble.

The plan for 1976-1980 provides for an extensive program of production, housing and cultural-service construction. The structure of capital investments is being improved along with an increase in their volumes. Funds are being directed primarily to erection of the most important objects of civil aviation, toward reconstruction and technical re-equipping of existing airports, toward construction and reconstruction of runways and air terminal complexes for operation of IL-62 and TU-154 aircraft, toward introduction

of categorized landing systems and automated air traffic control systems. In this case the main volume of appropriations and material-technical resources is being concentrated on starting and transition construction projects.

Much has been done during the past period of the 10th Five-Year Plan to strengthen the ground material-technical base of the sector and to improve the social and housing-service conditions in the life of aviation workers. The planned tasks are being fulfilled on the volume of construction-installation work, more than 900,000 square meters of total area of housing has been introduced into operation and runways have been constructed at Groznyy, Usinsk, Kuybyshev, Shushenskiy and Pevek airports. The runways have been reconstructed at the Mineral'nyye Vody, Rostov-na-Donu, Tomsk and Kemerovo airports. Nine air terminals, a large number of air traffic and landing system control objects and production and training buildings at a number of plants and academic institutions of civil aviation have been introduced.

Construction of large complexes of new airports at Groznyy, Krasnoyarsk, Kazan', Minsk and Frunze has been accomplished. The airports at Leningrad, Yerevan, Magadan, Yakutsk, Noril'sk, Tashkent and Simferopol' have been expanded. Construction-installation work at the Olympic objects of Aeroflot -- the air terminal complex of Sheremet'yevo Airport, reconstruction of the air terminal at Vnukovo and of the airfield at Domodevo and the passenger-service complex of TsUMVS [expansion unknown] has entered the final stage.

The Armenian RPO [expansion unknown], the Arkhangel'sk, Komi, Krasnoyarsk, Magadan, Northern Caucasus and Urals administrations and the All-Union Association Aviaremont are achieving good and stable indicators in fulfilling the capital construction plan.

The achieved successes in implementation of the construction program are the result of the intensive work of the customers -- administrations and aviation enterprises, builders and workers of planning organizations and bodies of material-technical supply. Important assistance is being rendered on the part of local Soviet and party organs.

At the same time, there are many deficiencies and unutilized reserves in organization of fulfilling the capital construction plans. The task includes the fact that all participants of the construction industry act clearly and smoothly and that real model work be achieved in the corresponding section.

A number of administrations is still not ensuring fulfillment of the planned tasks. Thus, 6 of 30 administrations and production associations did not fulfill the plan for capital investments, 3 did not fulfill the plan for construction-installation work, 12 did not fulfill the plan on introduction of basic funds and 7 did not fulfill the plan on introduction of housing according to the results of 1978. The greatest lag in construction-installation work was permitted by the Ukrainian, Yakutsk and East Siberian administrations during 5 months of this year.

The Aviastroy Association assimilated 120 million rubles on construction-installation work during 3 years. A total of 232 objects was put into operation and 179,000 square meters of total housing area was turned over for operation. Labor productivity was increased by 6.1 percent. However, not all the SMU [Construction-installation administration] of the association are fulfilling the established planned tasks. Last year four administrations did not cope with the plan on the total volume of work (SMU Nos. 6, 12, 18 and 19). A significant number of them is lagging in fulfilling the planned tasks on civil aviation objects.

There are serious deficiencies in strengthening their own production base and construction machinery and mechanisms are being poorly utilized. The level of organization of production and engineering preparation is still low. Because of this, cases of low quality of constructed buildings and structures are being permitted.

As is known, a construction project begins with a design. Timely provision of construction with high-quality technical documentation affects to a significant degree the effectiveness of capital investments and fulfillment of the established planned tasks. Aeroproyekt and its branches, the planning organizations of a number of union republics and the planning-estimate groups of the administrations prepare the planning-estimate documentation for capital construction of civil aviation projects.

But the main volume of work is being fulfilled by Aeroproyekt and its branches. Among the large developments of the institute are the Olympic objects, airport complexes at Krasnoyarsk, Minsk, Khabarovsk, Kazan', Frunze, Groznyy, Leningrad and Simferopol', automated air traffic control systems and centralized aircraft refueling points using imported equipment and many aviation repair plants. Aeroproyekt also plans a number of foreign civil aviation objects.

However, there are deficiencies in providing construction with technical documentation. The managers of a number of administrations and aviation enterprises are delaying issuance of tasks for planning and the necessary input data to planning organizations, are disrupting the deadlines for coordination of plans with interested organizations and are not paying for the performed work on time. These cases occurred at the Leningrad, Eastern Siberian, Urbek, Western Siberian, Northern Caucasus and other administrations. The quality of individual contract designs also leaves much to be desired. Cases of untimely completion according to the comments of bodies of expert analysis and construction organizations are being permitted.

The guarantee of successful fulfillment of the capital construction plan is reliable and timely provision of construction projects with material-technical resources. The low rates of construction and interruptions of deadlines for introducing objects into operation occur in many cases due to the absence of equipment and cable products. There is frequently a real shortage of resources, but many administrations and aviation enterprises are

poorly utilizing available capabilities and are not manifesting the proper responsibility and thrifty approach to available funds and realization of allocated funds.

Extensive residues of uninstalled equipment were permitted last year by the Byelorussian, Kazakh, Magadan and Moscow Transport administrations. Considerable errors still frequently continue to occur in the annual requests for material resources. Requests are sometimes presented with a long delay. This is especially true of the Gruzinsk, Arkhangel'sk, Kirgiz and Leningrad administrations.

Serious attention should be devoted to problems of improving the quality of construction. The problem of quality is extensive and complex. Unfortunately, the quality of construction does not meet current requirements at many objects. This usually occurs where exactingness of the technical and author's inspectorate is weak. Unsatisfactory quality of airfield pavement occurred during construction of the airports at Domodedovo, Mineral'nyye Vody and Rostov-na-Donu. Work journals were not kept, geodetic monitoring was absent and the supporting structures were installed with deviations from the plan at Groznyy Airport.

Improvement of the work in this important direction acquires special urgency with regard to the serious variations of the qualitative characteristics of objects and structures and with the increase in the volumes of construction in the northern and eastern regions of the country with special conditions -- permafrost, seismicity and short construction season. A high level of occupational training, systematic monitoring of the work of construction organizations and exactingness of the customers and authors of plans make it possible to achieve excellent quality of production buildings, structures and housing introduced into operation.

In 1979 Aeroflot must complete a large volume of construction-installation work. A significant increase in the volumes of capital investments (23 percent) and construction-installation work (33 percent) is provided. Runways at Minsk, Ust'-Ilimsk and Ust'-Kut and 79 apartment buildings with total area of 224,000 square meters must be put into operation, construction of the olympic objects and automated UVD [Flight control] systems Terkas and Start at Rostov-na-Donu and Sochi must be completed and reconstruction of the most important civil aviation objects, including airfields for operation of Il-62 and Tu-154 aircraft must be continued. The construction program at the Azerbaijan, Armenian, Kirgiz and Estonian RPO and at the Far Eastern, Leningrad, Magadan, Moscow, Ukrainian and Yakutsk administrations and TsUMVS is especially intensive.

The posed task on transforming Aeroflot to the standard in transport will depend largely on fulfillment of the capital construction plans and on clear, smooth and operational work of all civil aviation builders.

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BRIEFS

SPANISH PURCHASE OF AN-26 TRANSPORTS--Between April and June of 1980, Moscow's V/O "Aviaeksport" is to deliver 6 AN-26 transport aircraft to the Spanish firm "Transflalo." [Text] [Bonn DIE WIRTSCHAFT DES OSTENS in German 23 Jun 79 p 8]

AIRCRAFT ENGINE COMPUTER MODELING--Mikhail Ivanov, a 32-year old mathematician from the "P. Baranov" Central Institute of Aviation Engines, is the winner of the Komsomol scientific award for the computer modeling of external and internal aerodynamic effects for the needs of jet-powered aerospace vehicles (statek latajacy). Among other things, he (with A. Krayko) developed a computerized calculation method of variously configured and composed aircraft engines using the effects of sudden pressure changes during supersonic solid body flow around. The substitution of tunnel testing with computer modeling results in a 20- to 30-fold reduction of development costs for a new aircraft or engine. As for the time factor; in the period of a few days, a computer will do that which takes traditional methods years to do. Obviously, this mathematician--gas dynamicist known what he is doing. [Text] [Warsaw SKRZYDLATA POLSKA in Polish No 30, 29 Jul 79 p 16]

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